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# CITY OF SAN CLEMENTE

## HOUSING ELEMENT
## OF THE
## GENERAL PLAN
## 2000

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## ACKNOWLEDGEMENTS

The revised Housing Element was prepared for the City of San Clemente by the staff of the Community Development Department.

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In addition, the Housing Element Advisory Committee (HEAC) was appointed by the City Council in 1996 to assist in the preparation of the Housing Element and provide input on behalf of the economic segments and of the housing interests of the community. The Community Development Department would like to thank them for their contributions.

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# Housing Element Revision 2000- Executive Summary

## 1.0 Introduction

The Housing Element is a component of the General Plan which identifies the housing needs of all economic segments of the community and recommends ways to meet these needs while balancing community objectives and resources. State law requires that all cities adopt a Housing Element and requires that the Element be revised as appropriate but not less than every five years, unless extended by the State. Due to the State's budget crisis in 1993-94, the required update of the Regional Housing Needs Assessment (RHNA) and Housing Element was postponed from 1994 to 1996. In preparations for the June 30, 1996 Housing Element update the City of San Clemente convened a Housing Element Advisory Committee which updated the goals and policies of the 1989 Housing Element. This update was not adopted by the City Council because the State postponed the RHNA assessment and the due date of the Housing Element to June 30, 1998. The Housing Element was postponed once more to enable the Southern California Association of Governments (SCAG) to begin the RHNA analysis in 1998. The completed RHNA analysis was submitted by SCAG and approved by the State Housing and Community Development Department (HCD) on December 21, 1999. Under the new law enacted by AB1744, the housing element revision completion date for jurisdictions located in the SCAG region is December 31, 2000.

The last Housing Element was adopted December 20, 1989 and amended on March 17, 1993 for the Preservation of Assisted Housing. The revisions presented herein incorporate the most current data and information that are readily available. The section on the evaluation of the 1989 Housing Element includes the progress the City has made in the implementation of the housing goals, policies and programs and the revisions to the Housing Element made in 1996.

## 2.0 Scope and Contents

The Housing Element consists of the executive summary, four chapters and supportive appendices. The first chapter summarizes the Housing Element law, requirements and its relationship to the General Plan. It also explains the public participation effort of the Housing Element Advisory Committee appointed by the City Council. This effort, in addition to the participation of the public and the development community at workshops and public hearings produced the updated Housing Element.

The second chapter provides an analysis of the housing needs, opportunities and constraints to housing development in San Clemente. The needs assessment quantifies the problems of housing, especially the need for affordable housing. Requirements for Coastal Housing and redevelopment, the vacant land inventory, the regional housing needs analysis, and an update of the preservation of assisted housing units are also included in the second chapter.

The third chapter consists of the evaluation of the existing Housing Element, and the

progress and assessment of the City's housing programs and related ordinances. The evaluation assesses 23 policies and the programs developed to implement them since 1989.

The fourth chapter presents the City's goals, policies and programs for housing. It also describes the programs implemented by the Planning Division, and the revisions to the Inclusionary Housing Program. The appendices includes additional statistical tables from the Census and other sources, the original Amendment for the Preservation of Assisted Housing,1989-1999, and copies of ordinances and housing laws.

## 3.0 City of San Clemente Housing Goals

Four new housing goals were included in the 1996 update and carried forward with the 2000 update:

1. To provide opportunities for a decent home in a healthy living environment for all households in the City of San Clemente as stated in the National Housing Acts and by the California State Legislature.
2. To ensure that residential land uses properly relate to other land uses to form a functionally integrated and economically balanced community.
3. To ensure overall high degree of residential quality, maintenance, and rehabilitation where needed, throughout the community.
4. To provide a supply of housing that offers a variety of housing opportunities, including for-sale and rental units, to accommodate a diverse population and all economic segments.

## 4.0 Summary of Needs Assessment

The following table provides a profile of housing, population and income characteristics of San Clemente, in addition to the special needs population.

**Summary of Needs Assessment**

Total Population Jan.2000 – 50,302 Projected Population June 2005 – 62,151
Total Housing Units Jan. 2000 – 20,872 Projected Housing Units June 2005 - 25,481

Total City Projected New Housing Units Jan. 2000-June 2005 - 4,609 (includes County/Talega annexations.)
Total SCAG/RHNA Construction Need Projection Jan.'98-June 2005 – 2,719 d.u.
Total RHNA Transfer of Housing Units from County Unincorporated Area to City - 1,864
Orange County Median Income 1990 - $45,922
Orange County Median Income 2000 - $69,600 (HUD, 2000)

Special Needs Households 1990 Census

- Very Low Income 1990 -earning less than $20,000 - 2,640 households
  Percent paying more than 30% of Income on rent - 84%
  1990 Affordable Housing Cost for very low income households - $500/month
- Very Low Income 2000 - $34,800 Affordable Housing Cost - $870/month
- Disabled Persons with a mobility or self care limitation - 3,417 persons

- Seniors over 65 years old - 5,336 or 13% of the population
  - Number of Seniors at or below poverty - 261 persons or 5% of senior population
  - Number of Senior Households - 3,482 or 21% of total households in City
  - Number Senior Households living alone - 1,353 or 39% of senior households

- Total Persons living in Poverty - 2,852 or 7% of the population
  - Poverty Households with Children
    - In Married Family - 37%
    - Female Householder, no spouse - 51%
    - Male Householder, no spouse - 12%

Source: 1990 Census,State Dept. of Finance,HUD,2000

## 5.0 Regional Housing Needs Assessment (RHNA)

The Southern California Association of Governments (SCAG) in conjunction with Orange County Council of Governments (OCCOG) and the Center for Demographic Research at Cal State Fullerton determined the city's share of the regional housing needs by household income. The following table presents the housing needs for the period of January 1998 - June 2005. This is based on projected household growth, less vacancies, plus replacement need and construction need over the six and a half year period. When Talega builders are ready to pull building permits in the Talega unincorporated area, the County is able to transfer their regional housing needs quota to the City of San Clemente. After building permits are applied for the land is annexed into the City.

| Household Income Level | City/SCAG RHNA* 1998-2005 | Talega Unincorp.Land RHNA Transfer to City 1998-2005 |
|---|---|---|
| Very Low | 545 | 477 |
| Low | 308 | 252 |
| Moderate | 550 | 573 |
| High | 1,317 | 562 |
| Total Housing Units | 2,719 | 1,864 |

## 6.0 Policy and Programs

The following table presents a updated summary of the 1989 Housing Element policies and program action to be taken to implement the policies. Policies are broken into five different categories: Construction, Rehabilitation, Conservation, Administration and Affordable Housing. Section 4 provides the implementation plan for the policies and objectives.

| POLICY CATEGORY<br>**Construction and Rehabilitation** | PROGRAM<br>**Action** |
|---|---|
| 1. Building Code update | Innovative construction techniques to reduce housing costs |
| 2. Community Standards | Increase neighborhood quality through code enforcement |
| 3. Siting of Housing | Encourage below market rate housing to be accessible and sited throughout the city |
| 4. Assisted Housing | Apply for grants to increase supply of affordable housing |
| 5. Construction of Affordable Housing | Encourage construction of affordable housing through the provision of Loans and Grants to Non-Profit Housing Agencies, Inclusionary Program, Tax Credits, Density Bonus and other incentives |
| 6. Second Residential Units | Allow for development of "granny units" |
| 7. Redevelopment | Facilitate the acquisition, rehabilitation and conversion of dilapidated multi-family units to non-profit ownership |
| 8. Rehabilitation | Continue local Home Rehabilitation Program, provide loans and grants |
| 9. Modification of Units | Provide loans and grants to make housing more accessible to disabled persons |
| 10. Monitor deterioration | Continue Neighborhood Pride Program and Code Enforcement to work with property owners to prevent deterioration of housing Stock |
| **Conservation** | **Action** |
| 11. Continued affordability in coastal zone | Enforcement of Coastal Zone laws, ensure replacement of affordable housing |
| 12. Preserve residentially zoned mobilehome parks | Assist in affordability of mobilehome parks through loans and grants |
| 13. Condominium Conversion | Enforcement of conversion law when vacancy rates are below 10% |
| **Administration** | **Action** |
| 14. Housing program | Continue implementation of programs and projects |
| 15. Public Participation | Update future Housing Element and CDBG Program, , provide workshops and hold public hearings as required by State/Federal law |
| 16. Fair Housing | Promote fair housing practices |
| 17. Relocation Assistance | Compliance with relocation laws |

| | |
|---|---|
| 18. Marketing of Programs | Provide public information on housing programs through provision of brochures, flyers, mail and other public access media |
| 19. Homeless Issues | Assist with transition from homelessness to permanent housing by working with Non-profit agencies |
| 20. Housing Support Services | Provide grants to Non-profit Agencies to develop and support housing programs serving special needs population |
| 21. Housing and Recreation | Plan for adequate recreation and open space within new housing developments |
| 22. Alternate Housing | Encourage provision of congregate housing and assisted living facilities |
| 23. Neighborhood Associations | Provide information to residents on property management, neighborhood associations |

| **POLICY CATEGORY** | **PROGRAM** |
|---|---|
| **Affordable Housing** [1] | **Action** |
| 24. Innovative housing | Work with private and non-profit developers to identify financing sources and provide below market rate housing |
| 25. Expand housing stock | Assist in construction, acquisition and rehabilitation of properties, provide zoning incentives, reduce parking requirements, provide density bonuses for new units |
| 26. Conversion | Assist in financing conversion of high vacancy motels and apartments to below market rate housing |
| 27. Finance Projects | Provide grants and loans to Non-profit housing corporations housing very-low income households |
| 28. At-risk Projects | Review ability for city to financially support projects at risk of losing their affordability |
| 29. Non-profit ownership | Support non-profit ownership of below market rate housing |
| 30. Length of affordability | Require publicly funded housing to be for longest feasible time |
| 31. Program monitoring | Ensure affordability requirements are met through annual monitoring |
| 32. Review fees | Review fees to determine which can be deferred, reduced or supplemented |

---

[1] Affordable Housing refers to government subsidized or assisted (through incentives) below market rate housing regulated for very-low income households earning 50% (60% tax credit limit) or less than median income where housing costs are no greater than 30% of household income according to government regulations.

## 7.0 Summary

The Housing Element identifies needs, establishes goals and policies, and recommends programs to address those needs from 1998-2005. Although statutory requirements shape the contents of the element, the special setting and capabilities of the City of San Clemente form the basis for all components of the Housing Element.

# Introduction to the Housing Element

## 1.1 Purpose of the Housing Element

The purpose of the Housing Element is to identify the City's housing needs and outline goals, policies and programs to address them. The Housing Element is a five year plan, extending from December 31, 2000 through June 30, 2005, barring any extensions from the State. The primary issues addressed in the Housing Element include: 1) the provision of a decent home in a healthy environment for all economic levels of society, 2) housing affordability for special needs populations, 3) assisting in the development of affordable housing, 4) implementation of housing programs, and 5) rehabilitation and preservation of existing affordable housing.

## 1.2 Overview

The Housing Element is a component of the General Plan. It is the primary planning guide for local jurisdictions to identify the housing needs of the city and recommend ways to meet these needs while balancing community objectives and resources. The 2000 Housing Element consists of the Executive Summary, and four chapters, including: 1) Introduction, 2) Needs Assessment, Opportunities and Constraints, 3) Evaluation of the Housing Element, and 4) Goals, Policies and Programs, and the Appendices.

## 1.3 Citizen Participation

The importance of the Housing Element provides an opportunity for participation of citizens from all economic segments of the community. Section 65583(c)(5) of the Government Code states that, "The local government shall make diligent effort to achieve public participation of all the economic segments of the community in the development of the housing element ..." . In 1996 the City Council appointed six members of the community, one City Council member, one Planning Commission member, one Human Affairs Committee member and alternates to the Housing Element Advisory Committee (HEAC). The members of the committee consisted of a diverse age, nationality, income and housing background. Nine public HEAC meetings were held, in addition to a study session, and two public hearings. The HEAC meetings provided a two way dialogue between City staff and participants. The meetings provided an avenue for the staff to provide information concerning pertinent laws, needs data, goals, and programs, to enable the Committee to update and develop new policies and programs to recommend to the City Council. The group was invited to a study session in the fall of 2000 to review the updated 2000 Housing Element. The Planning Commission is also scheduled to hold a public hearing on December 5th and make a recommendation to the City Council for approval on December 20, 2000.

The Housing Coordinator also coordinates the Human Affairs Forums that are held five times a year. The forums are sponsored by the City's Human Affairs Committee (HAC) and are advertised in the local paper, Sun Post News, the LA Times and the Register. In addition, over 200 persons and organizations are mailed notices of the forums. The purpose of the forums is to discuss local social issues and needs and to identify resources available to residents and non-profit organizations providing services in San Clemente. Attendance at the forums includes members of the public, government officials, local representatives of housing, emergency services, disabled services, youth, family and senior organizations, to name a few. A list of the organizations participating at the Human Affairs Forums is included in the Appendix. Some of the forum topics

in the last several years has included affordable housing – including permanent, transitional and emergency shelter resources, homeless needs, emergency services, domestic and family violence, mental health, youth and senior needs. A needs assessment survey was taken at a forum in 1999 which identified affordable housing as the issue with the greatest needs in San Clemente. Optional surveys are provided at every forum and filled out by interested participants to elicit feedback on the forum and to request additional information or make recommendations for future forums. In September 2000, a forum on emergency services and housing was held and input from local agencies and the public was gathered for the preparation of the Housing Element. Copies of the draft Housing Element were made available to a wide variety of non-profit organizations for their input and comment. At least once a year a forum on housing issues is provided to receive input from the public and provide information to interested participants. In January 2001, the County's Homeless Coordinator, the Executive Directors from the Shelter and Hunger Partnership and Saddleback Outreach, and the City's Housing Coordinator discussed the Orange County homeless needs assessment, new programs and projects available to the public, as well as funding sources available for non-profit housing organizations to build new affordable housing.

In the spring of each year, the City's Social Service Budget Committee reviews grants submitted to the City for funding from the Social Service Budget within the General Fund. The City funds approximately 15 different non-profit organizations programs based on their ability to meet the community's needs and provide services identified at the Human Affairs Forums. In addition to the Human Affairs Committee, the Housing Coordinator participated on an Ad-Hoc San Clemente Homeless Task Force during 1999 and 2000 to understand the local homeless needs and develop a cold weather shelter. Participants from various churches and non-profit agencies representing the homeless met on a monthly basis. A cold weather shelter was operational for 2 years until the Church leadership changed and shelter needs changed from single individuals to families. Families are now provided emergency shelter at local hotels through payments made by the Salvation Army, Family Assistance Ministries, and local churches. Through the Human Affairs Forums, Social Service Budget Committee interviews with the non-profit agencies, and follow-up monitoring of grants, there is a substantial amount of communication between the City and the community regarding housing and other social needs. The Housing Coordinator also participates on various Countywide committees and consortiums on affordable housing and homeless needs. This information is shared with the participants at the Human Affairs Forums.

## 1.4 State Housing Element Requirements

The preparation of the Housing Element is guided by California State Law, Chapter 10.6 and 10.7 for coastal communities of the Government Code. The law governing the contents of Housing Elements is among the most detailed of all elements of the General Plan. According to Section 65583 of the Government Code, "The Housing Element shall consist of an identification and analysis of existing and projected housing needs and a statement of goals, policies, quantified objectives, and scheduled programs for the preservation, improvement, and development of housing and shall make adequate provision for the existing and projected needs of all economic segments of the community".

The State Department of Housing and Community Development sets forth specific requirements regarding the scope and content of Housing Elements prepared by cities and counties. Table 1-1 summarizes these State Housing Element requirements and identifies the applicable chapters of

[illegible]

[illegible]

## 1.4 State Housing Element Requirements

[illegible]

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the San Clemente Housing Element where these requirements are addressed. Three main areas of study are required in the Element: 1) Housing Needs Assessment, 2) Goals and Policies, and 3) Housing Programs and schedule for implementation.

## 1.5 Consistency of General Plan and other Housing Plans

The Housing Element must be consistent with the rest of the General Plan. The General Plan was updated in 1992. Housing must be viewed in a context that includes more than the availability of adequate shelter. External factors affect the adequacy of housing, including the quality of public services, aesthetics and visual characteristics, and proximity to related land uses. For example, the location of housing determines the extent of school, park, library, police, fire and other services associated with housing. The Housing Element builds upon the other General Plan Elements and is consistent with the policies and proposals set forth by the Plan.

In addition, the Housing Element was evaluated for consistency with the Orange County Consolidated Plan, the City's Five Year Redevelopment Plan and Housing Strategy. Because the required contents of the Consolidated Plan and portions of the RDA Housing Strategy are very similar to the Housing Element, the City's Housing Element is consistent with these plans.

## 1.6 Sources of Information

The 2000 Housing Element is based upon the most current information that was available at the time of preparation. The most detailed and accurate data base is the 1990 Census for population and income profiles. In addition, the primary sources of information included the following: the Regional Housing Needs Assessment came from the Southern California Association of Governments which determined the projections for regional housing needs by income group; the 1980 - 2000 housing, population and vacancy estimates from the California Department of Finance; the 1990 - 2000 HUD median income figures; the 2000 Vacant Land Inventory, City of San Clemente, UC Irvine Intern Survey; the 2000 Projected Development of Ranch and Infill properties, Planning Division; the 1992 and 2000 Survey of Residential Rehabilitation Needs, Planning Division; and the Construction Values from the Building Standards Association.

The following table outlines the requirements of the Housing Element and the reference page cites where the information is located.

## Table 1-1
## Housing Element Requirements and Reference Page

| Required Housing Element Component | Reference |
|---|---|
| A. Housing Needs Assessment | Appendix for Census Tables |
| 1. Analysis of population trends in San Clemente in relation to regional trends. | Chapter 2, page 2-2 |
| 2. An inventory of land suitable for residential development and an analysis of the relationship of zoning, public facilities and services to these sites. | Chapter 2, page 2-3 -2-5 |
| 3. Projection and quantification of San Clemente's existing and projected housing needs for all income groups. (RHNA analysis) | Chapter 2, page 2-11-2-13 |
| 4. Quantified Objective for Construction,Rehabilitation, and Conservation | Chapter 2, page 2-15 |
| 5. Analysis and documentation of San Clemente's housing characteristics including the following: | Chapter 2, page 2-16 |
| a. housing stock condition | Page 2-16 |
| b. level of housing cost compared to ability to pay | Page 2-19 |
| c. overcrowding | Page 2-26 |
| 6. Analysis of special housing need: disabled, elderly, large families, female-headed households, low income, persons in need of emergency shelter. | Chapter 2, page 2-22 - 27 |
| 6. Analysis of employment trends in relation to housing needs in San Clemente. | Chapter 2, page 2-20 |
| 7. Coastal Housing and Redevelopment Requirements | Chapter 2, page 2-27 |
| 8. Analysis of opportunities for energy conservation with respect to residential development. | Chapter 2, page 2-29 |
| 9. Analysis of existing and potential governmental constraints upon the maintenance, improvement, or development of housing for all income levels. | Chapter 2, page 2-30 |
| 9. Analysis of existing and potential non-governmental and market constraints upon maintenance, improvement, or development of housing for all income levels. | Chapter 2, page 2- 43 |
| 10. Analysis of assisted housing developments eligible to | Chapter 2, page 2- 55 |

| **Required Housing Element Component** | **Reference** |
|---|---|
| change from non-low income housing use. | |
| B. Evaluation of 1989 Housing Element | Chapter 3 |
| C. Goals and Policies | Chapter 4 |
| 1. Identification of San Clemente's goals, quantified objectives, policies, and financial resources relative to maintenance, preservation, improvement, and development of housing. | Chapter 4 |
| D. Implementation Program | |
| State guidelines provide for an implementation program to do the following: | |
| 1. Identify adequate sites with required public services and facilities for a variety of housing types for all income levels. | Appendix, Maps |
| 2. . Conserve and improve the condition of the existing and affordable housing stock in San Clemente. (Neighborhood Pride Program. Home.Rehab.Program) | Chapter 4, page 4-17 |
| 3. Program to assist in the development of adequate housing to meet the needs of low-and moderate-income households. (Inclusionary Housing Program) | Chapter 4, pages 4-22 |
| 4. Equal Opportunity Housing :Promote housing opportunities for all persons. | Chapter 2, page 2-27<br>Policy 16, page 4-10 |

# Needs Assessment, Opportunities and Constraints

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## 2.1 City Profile

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# Needs Assessment, Opportunities and Constraints

This chapter provides an analysis of the housing needs, opportunities and constraints to developing housing in San Clemente. State Law requires the Housing Element to address the following categories as they relate to the provision of housing for all economic levels of residents in the City:

- Housing Needs
- Housing Trends and Opportunities
- Land Inventory and Site Availability
- Population and Household Characteristics
- Employment of Population
- Special Needs Housing
- Regional Housing Needs
- Coastal Housing Development
- Housing Characteristics, Cost, and Affordability
- Conservation/Preservation of Affordable Housing
- Energy Conservation
- Equal Opportunity Housing
- Constraints on Housing Development
- Preservation of Assisted Housing

Appendix A is the Technical Appendix for the needs assessment with additional analysis and tables from the 1990 Census data and local real estate information.

## 2.1 City Profile

San Clemente is the southern most city in Orange County. Its coastal setting, Mediterranean climate, and rolling hills provide a unique and attractive living environment. This resort setting has a substantial impact on the employment characteristics as well as the city's economic base. These conditions attract growth which create a highly competitive residential atmosphere.

The City has three general sub-markets of development: the historic town center-coastal area, the residentially developed hillside areas, and the continuing development of the Ranch Properties east of Interstate 5.

The City's development pattern is shaped by its geographic setting and boundaries; to the west - coastal development from Interstate-5 to the Pacific Ocean, east of Interstate 5 - large ranch properties (except for Marblehead Coastal), to the south - San Diego County/Camp Pendleton, and to the north, the cities of Dana Point and San Juan Capistrano.

Prior to 1990, housing of Marines from Camp Pendleton impacted the rental market. Due to the lower cost of housing in Oceanside, the development of 1,997 new housing units on Camp Pendleton since 1990, and the reduced number of military personnel in Orange County, this population segment no longer impacts the City requiring additional analysis.

San Clemente was developed in the 1920's and has a wealth of historical housing and public facilities. New development should be compatible with this resource to preserve the City's image as a "Spanish Village by the Sea".

Since the last Housing Element Update in 1989, new development slowed significantly between 1990 and 1995. Whereas, between 1985 and 1989 the average annual development of housing was 859 dwelling units a year, between 1990-2000 the average annual development of housing declined to 214 dwelling units a year. With the economic recovery in the late 1990's, and a significant amount of vacant land to develop in planned Ranch properties, in addition to a backlog of approved development permits, San Clemente is projected to generate approximately 800 new units a year between 2000 and 2005. This includes proposed annexed land from the Talega development that is presently located in County unincorporated territory.

## 2.2 Housing Needs

The City's housing needs reflect the special characteristics of the population, employment and existing housing which affect the demand for housing in the future. Three major needs categories result from :

1. Housing needs generated by increased population growth in the city and region
2. Housing needs generated from deterioration of existing units
3. Housing needs generated from the presence of "special needs" populations, including households paying more than they can afford for housing

### 2.21 Housing Needs from Population Growth

San Clemente has been one of the fastest growing cities in Orange County since 1980. Whereas, Orange County's average annual population growth rate was 2% a year between 1980 and 1985, San Clemente's was 2.5%. San Clemente experienced the fastest growth rate between 1985 and 1990, with 6.7% annual population growth compared to the County's 1.7% growth rate. Although growth slowed between 1990 and 1995, San Clemente's average annual growth rate has been 2.8%, which is comparable to Orange County's at 2.7% a year. San Clemente's growth rate was slightly higher than the County's between 1995 and 2000 at 1.5% a year. Since 1980, the City's population has nearly doubled, from 27,322 to 50,302 in 2000, for an annual average increase of 1,149 persons per year.

**Table 2-1**
**Population Growth**
**San Clemente and Orange County**
**1980-2000**

| Year | San Clemente | Annual Growth Rate | Orange County | Annual Growth Rate |
|---|---|---|---|---|
| **1980** | 27,322 | | 1,932,708 | |
| **1985** | 30,783 | 2.5% | 2,127,900 | 2.0% |
| **1990** | 41,100 | 6.7% | 2,326,500 | 1.7% |
| **1995** | 46,764 | 2.8% | 2,641,400 | 2.7% |
| **2000** | 50,302 | 1.5% | 2,828,351 | 1.4% |

In concert with this fast pace of growth, housing development also grew proportionately. In 1980 there were 13,233 dwelling units in the City. Between 1980 and 1990 a total of 5,493 new housing units were added, increasing the number of dwellings by 42%, for a total of 18,726 dwelling units in 1990. The largest increase in housing growth occurred between 1985 and 1990. The total increase was 4,295 dwellings, which increased the housing stock by 859 units a year (6% a year). As the recession of the 1990's lingered, housing development decreased. The average annual growth in housing units amounted to 223 units between 1990 and 1995 and 205 units a year between 1995 and 2000. As discussed, a backlog of approved development permits will increase housing development substantially over the next five years. During 2000, 600 certificates of occupancy for new housing was issued. An average of 800 housing units a year is estimated to be added to the housing stock by mid 2005.

**Table 2-2**
**City of San Clemente**
**Housing Growth**
**1980-2000**

| Year | Total Housing Units | Year | Housing Unit Growth | Annual Growth Rate |
|---|---|---|---|---|
| 1980 | 13,233 | | | |
| 1985 | 14,431 | 1980-1985 | 1,198 | 1.8% |
| 1990 | 18,726 | 1985-1990 | 4,295 | 6.0% |
| 1995 | 19,843 | 1990-1995 | 1,117 | 1.2% |
| 2000 | 20,872 | 1995-2000 | 1,029 | 1.0% |

### 2.211 Residential Land Use Inventory

The following table presents the total residential acreage and vacant land inventory in San Clemente. Approximately 72 % of residential land is developed in the City. A total of 1113.3 vacant residential acres remain Forster Ranch, Marblehead Coastal, and Talega. A total of 326.7 acres of vacant land within Talega is situated in the City's sphere of influence in the County. A total of 56.3 acres remain on vacant in-fill parcels.

**Table 2-3**
**San Clemente Residential Land Use Inventory**
**October, 2000**

| Residential Land Use | Total Acres | % of Total | Vacant Acres | % of Total Vacant Ac. |
|---|---|---|---|---|
| Very Low (1 d.u./20 gross ac.) | 25.0 | .8 | 25.0 | 3.0 |
| Low (4.5- 7 d.u./ac.) | 2,380.2 | 80.5 | 522.2 | 62.8 |
| Med Low (7.1 -10 d.u./ac) | 251.4 | 8.5 | 101.9 | 12.3 |
| Medium (10.1 -24 d.u./ac) | 235.7 | 8.0 | 158.9 | 19.1 |
| Med.High &High (Talega, Infill) (24.1-36 d.u./ac) | 67.0 | 2.2 | 23.0 | 2.8 |
| **Total** | **2,959.3** | **100.0** | **831.0** | **100.0** |

## 2.212 Housing Growth Trends and Opportunities/Annexation Program

Between 1980 and 2000 approximately 5,706 dwelling units were built in Forster Ranch, Marblehead Inland, Rancho San Clemente, and Talega. The following table summarizes the status of housing development on the Ranches as of October 2000.

**Table 2-4**
**Status of Ranch Property Development**
**October 2000**

| Ranch Properties | Constructed S.F. Detach.Units | Constructed M.F./Attach.Units | Density D.U./Acre | Vacant Acres |
|---|---|---|---|---|
| **Forster Ranch** | 2,009 | 74 | Low (4.5- 7) | 333.9 |
| | | | Med-low (7-10) | |
| **Marblehead Inland** | 748 | 334 | Low(4.5-7) | 0 |
| | | | Med. (10-15) | 0 |
| **Marblehead Coastal** | 0 | 0 | Low(4.5-7) | 116.7 |
| **Rancho San Clemente** | 1,497 | 882 | Low(4.5-7) | 0 |
| | | | Medium (10-15) | 0 |
| | | | Med.High (15-14) | 0 |
| **Talega** | 0 | 0 | Low (4-7) | 227.0 |
| **City** | | | Medium low (7-10) | 382.8 |
| | | | Medium (10-15) | 28.2 |
| | | | Med.High (15-24) | 29.4 |
| **Talega** | 162 | 0 | Low (0-4.5) | 11.4 |
| **Sphere of Influence** | | | Medium low(4.5-7) | 138.3 |
| **County (to be annexed)** | | | Med. (7-15) | 119.5 |
| | | | Med.High(15-24) | 57.5 |
| | | | High (24-36_ | 4 |
| **Total** | **4,416** | **1,290** | | **1448.7** |

In order to project future development and identify opportunities for residential development, the following table was developed. The Planning Division has calculated total vacant residential acres in the City. As of January, 2001, an estimated 5,502 dwelling units remain to be built on the existing ranches, of which 4,129 are the projected number of dwellings to be built in Talega (City and Sphere of Influence/County unincorporated land), and 745 +/- dwelling units on in-fill lots, for an estimated total of 6,510 new dwelling units (see Buildout Projections in the Appendices). Based on plans submitted to the City, the following Table 2-5 estimates a minimum of 6,510 dwelling units and a maximum of 6,629 dwelling units which could be built in the City (including annexations) according to the existing General Plan and Zoning Ordinance. Maximum densities are rarely achieved on the Ranch properties because of the hilly terrain of the sites and the hillside development ordinance. However, small in-fill projects tend to build out close to their maximum densities. The historical average development of in-fill sites is 30-40 units a year. The actual number of units built depends on the size of the lot and project design. The City calculates the allowable number of units in whole numbers. Therefore, if a multi-family lot of 6,000 square feet with a minimum lot size of 1,800 square feet per unit, the calculation for the number of units would be 3.3 units. The allowable number of units is reduced to 3, unless the development was an affordable housing project, in which case the project could get a density bonus of 25% and the allowable number of units would be 4.

## Table 2-5
## City of San Clemente & Sphere of Influence
## Vacant Acreage and Projected Development
## January 1999- June 2005

| Residential Density Per Acre (Dwellings/Acre) | Location* | Citywide Vacant Acres 2000 | Projected Add'l D.U. *With Density Bonus* At Build Out | Projected Dwelling Units To Be Built 1999-2005 |
|---|---|---|---|---|
| West of I-5 | Coastal Zone | | | |
| Low (4.5-7.0) | Marblehead Coastal& | 1120ac | 380 | 270 |
| | In-fill | 7 ac. | 50 | 40 |
| Med.(15-24) | In-fill Multi-fam. | 6.9ac/53 lots | 147/*184* | 150 |
| High(24-36) | In-fill Multi-fm. | 2.65ac/17 lots | 106/*132* | 77 |
| NC-2,NC-3 (Seniors) (not to exceed 45/ac) | In-fill Multi-fam | 3.5ac/20 lots | 135/*169* | 0 |
| CC-2 (Seniors 45/ac) | In-fill Multi-fam | 4.2ac. | 122 | 122 |
| MU3 Mixed Use (36/ac) | In-fill Multi-fam. | 1.9ac/12 lots | 92/*115* | 30 |
| East of I - 5 | | | | |
| VeryLow (1du/20ac) | In-fill Single fam. | 25.0 | 3 | 0 |
| Low (4.5-7) | In-fill Single fam. | 10.0 | 70 | 60 |
| Low (4.5-7) | Ranches –Single fam. | 348.9 | 1,256 | 1,071 |
| Low (0-4.5) | Talega – Single fam. | 238.4 | 579 | 204 |
| Med.Low (7-10) | In-fill –Single fam. | 2.2 | 20 | 0 |
| Low-Med | Talega – Single fam. | 382.8 | 1,656 | 1,026 |
| Medium (0-15) | Talega (att./det.) | 147.7 | 812 | 812 |
| Medium High (0-24) | Talega Multi-fam. | | 982 | 962 |
| High (0-36) | Talega – Multi-family | | 100 | 100 |
| **Total** | | **1,127.9** | **6,510/*6,629*** | **4,924** |

*Ranches include existing built ranches: Marblehead, Forster and Rancho San Clemente, Talega includes both City and Sphere of Influence/County unincorporated land.

Table 2-5 presents a total of 3,483 single family units and 1,441 multi-family units, for a total of 4,924 dwelling units to be built between 1999 and 2005 in San Clemente. The 4,924 units includes the annexation of 1,864 dwelling units from the Talega development in the City's Sphere of Influence. This amounts to an average of 820 dwelling units a year, producing an average growth rate of 4% a year. The number of units to be built is based on projections within approved Specific Plans, infill projects that have received their entitlements and historical development patterns for in-fill development. As mentioned, Ranch properties may have an unrealistic density maximum because of the topography and environmental conditions of the land. The 250.6 acre Marblehead Coastal property received approval of its Specific Plan in 1998. The residential portion of the project is 116.7 acres with a density of 4.5 to 7.0 units per gross acre generating a minimum of 504 dwelling units to a maximum of 784 units. Because of the sensitive topography of the site, including coastal cliffs and canyons, and plants on the endangered list, the property was approved for 432 units. Recent Coastal Commission recommendations has caused a downsizing of the property to an estimated 380 units. This was due to additional open space recommendations

and canyon preservation. The City projects the first 90 units coming on line beginning in the 2002-03 fiscal year.

Properties east of Interstate 5 include primarily planned communities as described in the next section. Forster Ranch, Marblehead, Talega, and Rancho San Clemente have approved Specific Plans and projections for development amount to approximately 740 dwelling units a year over the 6 year period.

### Ranch Development Opportunities 1999-2005

Out of the total 2,383 single family and 1,062 multi-family dwelling units projected to be built between 1999 and 2005, the following numbers are projected per ranch:

**Table 2-6**
**Projected Development by Ranch Property**
**1999-2005**

| Ranch | Single Family Units | Multi-family Units |
|---|---|---|
| **Forster Ranch** | 909 | 0 |
| **Marblehead Coastal** | 270 | 0 |
| **Rancho San Clemente** | 162 | 0 |
| **Talega (City & Sphere)** | 2,042 | 1,062 |
| TOTAL | **3,383** | **1,062** |

The City has two instruments that guarantee that infrastructure will be on time and in place to accommodate development in any possible phasing scenario. The first document was adopted in 1989 and is called the Regional Circulation Financing and Phasing Program (RCFPP). This Ordinance adopted document guarantees that fees will be collected from development in order to pay for necessary traffic circulation infrastructure and that the infrastructure will be in place in time to accommodate traffic generation from new development. Traffic is forecasted using a traffic model, so that construction plans are developed and built prior to new development impacting traffic levels of service beyond standards that are established in the General Plan. The second set of documents are development agreements that are applied to the four major ranch areas which comprise the bulk of new development projected for the City. The development agreements guarantee, beyond the fee structure established in the RCFPP, large lump sum payments of monies for all infrastructure improvements and are timed so that those improvements can be constructed prior to the necessary capacity needs of new development.

In the early 1980's, separate agreements were negotiated with the developers which resulted in the construction of a $35 million sewer plant that was completed in 1988. Sufficient sewer capacity exists for all projected new development. In the early 1990's, a major new water main line was brought into the City through the Talega development which linked up with the primary main line to the City, thus providing a second source of water and fulfilling all projected future water needs for the City. Likewise, fire station construction is guaranteed by various development agreements, as is park construction and payment of park's fee, as well as other miscellaneous infrastructure needs. In sum, all facility needs of the City have been thoroughly considered and are guaranteed by development agreements that have been adopted and are in place.

### Talega Annexation Program

A collaborative planning process between the City of San Clemente and the County of Orange was utilized to form the Talega Joint Powers Authority (JPA). The JPA gives the County and City the power to regulate land use and development within their respective jurisdictions of the property owned by Talega Associates, LLC. The JPA agreement enables the City to maintain continuity of the Talega development by applying City standards and regulations to the County portion of the development prior to annexation.

There are 792 acres of undeveloped land in the County portion adjacent to and within the sphere of influence of the City. This is known as the "Rolling Hills Planned Community". The agreement will terminate when all 792 acres are annexed to the City. When the entire development (including the annexed territory) is completed, up to 4,965 homes was originally projected to occupy the 3,500-acre master planned community, located on Avenida Pico in eastern San Clemente. However, an Area Plan is being prepared for adoption in June, 2001 which will reduce the number of units in the unincorporated area to 1,864, reducing the total number of housing units in Talega to 4,129.

Upon receiving discretionary approvals by the JPA, and prior to receiving building permits, approved projects must meet the following two conditions to be annexed into the City:

1. A petition for annexation into the City of the project has been certified as sufficient by the Orange County Local Agency Formation Commission pursuant to Government Code Section 56706.; and
2. The City Manager of San Clemente or his or her designee shall have approved the phasing plan to be submitted by the master developer of the Talega Property.

The Orange County Local Agency Formation Commission (LAFCO) has developed procedural guidelines for RHNA redistribution upon annexation and incorporation of new projects from unincorporated County territory into the incorporating jurisdictions. With each incorporation or annexation, the County loses land use control over territory originally considered in the development of their RHNA target numbers. Similarly, territory gained by cities through annexation or incorporation was not included in the development of their RHNA allocations. To allow for an adjustment of RHNA target numbers when annexation occurs the RHNA distribution policy provides for a transfer of RHNA allocations as part of the LAFCO process. The proposed reallocation will be consistent with the methodologies, factors and assumptions used by the Center for Demographic Research in calculating the countywide RHNA allocations. Land annexed from the County will use the RHNA allocations given to unincorporated areas.

The goal of the residential development is to provide housing opportunities for a variety of family types and individuals of varying economic means. The residential component of the plan accounts for approximately 994.1 acres, (approximately 667.4 acres are located in the City and approximately 326.7 acres are located in the City's sphere of influence, in the unincorporated area of the County of Orange). Residential use will be accommodated in five densities: low density, low medium density, medium density, medium high density and high density. A maximum of 2,265 units are designated for development within the City of San Clemente, and the proposed Area Plan for the sphere of influence as discussed above is 1,864 residential units. Table 2-7 provides a summary of the residential density categories and their associated acreage's and unit allocation by City and the Sphere of Influence.

### Table 2-7
### Residential Land Use Summary
### Talega – City and Sphere of Influence
### Projected Development to Build Out
### 1999- 2012

| Residential Density Designation | Maximum Density (du/gross acre) | Acres | | Dwelling Units | |
|---|---|---|---|---|---|
| | | City | Sphere | City | Sphere |
| **L – Low** | 0-4.5 du/ac | 227.0 | **11.4** | 511 | **68** |
| **LM - Low Medium** | 0-7 du/ac | 382.8 | **138.3** | 1,162 | **494** |
| **M – Medium** | 0-15 du/ac | 28.2 | **119.5** | 239 | **573** |
| **MH – Medium High** | 0-24 du/ac | 29.4 | **57.5** | 353 | **629** |
| **H – High** | | 0 | **4** | 0 | **100** |
| **Subtotals** | | 667.4 | **326.7** | 2,265 | **1,864** |
| **TOTALS** | | **994.1** | | **4,129** | |

The following table projects the development of Talega within the City and the annexation of the unincorporated County dwelling units at the commencement of construction in 1999 through 2005. Annexation is projected to be completed in 2003. As indicated by Table 2-8, the City projects the Talega development to build a total of 3,104 dwelling units by 2005. Between 1999 and 2005, a total of 2,042 single family homes are expected to be built and 1,062 multi-family or attached dwelling units are projected. Out of the 3,104 dwelling units, 1,240 will be built in the City and 1,864 will be built in the Sphere of Influence and annexed into the City. The Talega units projected to be built in the City by 2005 include 907 single family properties on the low to medium land use areas, and 333 dwelling units in the medium high density area within the Village 3 town-center area. This site could be developed as an affordable multi-family housing site, if the necessary governmental subsidies are available and a non-profit developer is able to put together a financing package to purchase the land and built the project.

**Table 2-8**
**Talega City and Unincorporated County Sphere of Influence**
**Current and Projected Development**
**1999-2005**

| Residential Density Designation | To date 1999-01 City/Co | | 2001-02 City/Co. | | 2002-03 City/Co. | | 2003-04 City/Co. | | 2004-05 City/Co | | Total City & Sphere |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Low** | 0 | **0** | 0 | **30** | 0 | **38** | 68 | **0** | 68 | **0** | **204** |
| **Low-Med.** | 6 | **394** | 0 | **100** | 50 | **0** | 200 | **0** | 276 | **0** | **1,026** |
| **Med.** | 0 | **132** | 114 | **163** | 50 | **278** | 75 | **0** | 0 | **0** | **812** |
| **Med. High** | 0 | **0** | 0 | **372** | 0 | **257** | 167 | **0** | 166 | **0** | **962** |
| **High** | 0 | **0** | 0 | **0** | 0 | **100** | 0 | **0** | 0 | **0** | **100** |
| **TOTALS** | 6 | **526** | 114 | **665** | 100 | **673** | 510 | **0** | 510 | **0** | **3,104** |

The following table presents the annexation program by residential density and number of units.

**Table 2-9**
**Talega Annexation Program**
**Total Dwelling Units-Sphere of Influence**
**1999-2003**

| Residential Density | Total to be Annexed | Annexed to date | | Projected Annexation | |
|---|---|---|---|---|---|
| | | 1999-00 | 2000-01 | 2001-02 | 2002-03 |
| **Low** | 68 | 0 | 0 | 30 | 38 |
| **Low-Med.** | 494 | 92 | 302 | 100 | 0 |
| **Med.** | 573 | 70 | 62 | 163 | 278 |
| **Med. High** | 629 | 0 | 0 | 372 | 257 |
| **High** | 100 | 0 | 0 | 0 | 100 |
| **TOTALS** | **1,864 du** | **162 du** | **364 du** | **665 du** | **673 du** |

Within the annexed land, two medium high density developments have already received their entitlements, including the 186 unit Jamboree/Talega affordable very-low income family apartments ($20,000 - $46,000 OC annual income), and 252 apartments by BRE Development categorized as low-income (averaging $60,000/year in OC annual income) for a total of 438 units. Another 191 units of medium high density units are projected to be developed on approximately 10 acres of land to be annexed by 2003. A 4 acre site next to BRE, currently zoned as commercial, is being proposed as a high density apartment site and is projected to build 100 dwelling units.

## In-fill Development Opportunities 1999-2005

The City revised the General Plan in 1992 to include a new zone for mixed-use of commercial retail, office, and residential land use. As indicated in Table 2-23 on page 44, MU3 allows for 2 or more units and senior housing built in conjunction with commercial development. MU5.1 allows for 2 to 4 units, mobile homes, and senior housing allowed in conjunction with commercial on the bottom floor. There are two mixed-use zones: 1) MU3 is in the Downtown Business District, which encompasses the 100 and 200 blocks of Avenida Del Mar, the 100 blocks of Ave. Serra,

Ave Cabrillo, Ave. Granada and Ave. Victoria, and the 100-300 blocks of South El Camino Real and 100–400 block of North El Camino Real between Avenida Presidio to Avenida Palizada, and 2) MU5.1 in the 2600 - 3800 blocks of South El Camino Real from E. Avenida Magdalena to Avenida Santa Margarita. Although the majority of the lots along South El Camino Real are developed, there are a number of underused lots where the buildings could be demolished and/or rehabilitated, and new construction could occur. There are also 12 lots that are vacant. A number of the buildings in the mixed-use zones already have a combination of commercial and residential uses. The allowed density is based on 1 dwelling unit per 1,200 square feet of lot area. The dwelling unit size is a minimum of 600 square feet for new structures. Residential units are allowed above the first story/ground level to enhance pedestrian activity within the zone and provide housing opportunities for employees and owners of commercial establishments.

Affordable housing for the special needs and very low income populations would also be appropriate in the reuse of many of the vacant in-fill sites due to the proximity of transportation routes and tourist/service related employment opportunities. Although the placement of shelters is not specifically spelled out in the Zoning Ordinance, shelters and transitional housing for individuals and families in San Clemente have been treated as residential uses and are allowed by right in the single family zone (RL) when there are 6 or fewer persons per dwelling. New development of shelters and transitional housing is allowed by right in multi-family zones (RML, RM and RH) when there are 4 units or fewer. Group homes for the mentally ill, drug or alcohol dependent that receive State licensing are not required to have a conditional use permit, but are allowed by right in the single family and multi-family as long as there are 6 or fewer beds per dwelling unit.

Table 2-22 and Table 2-23 on page 44 describes the permitted uses by zone and those developments requiring a Conditional Use Permit. New development of shelters, group homes, and transitional housing projects are treated as any new residential project with 5 or more dwelling units and are required to receive a conditional use permit. It is projected that a maximum of 92 market rate units or 115 affordable multi-family units, shelters or group homes (including density bonus) could be built on 12 mixed use in-fill lots, with a projection of approximately 30 units built over the next five years. In 2000, Laura's House Transitional Living Center received approval to build a mixed use facility and is projected to build 6 two and three bedroom units over 3,500 square feet of administrative/counseling offices and a day care center for the participants of the domestic violence program. Table 2-5 on page 16 indicates the vacant acreage and projected number of dwelling units to be built per zone. Historically, group homes have rented or purchased existing single family or multi-family properties in San Clemente rather than build new.

The City encourages the development of senior housing projects by allowing them to be located in residential, commercial and mixed-use zones. The project must conform to the development standards required by the zone. However, density is flexible depending on whether there are units provided for very low and low income households. The appropriate density shall be decided through the conditional use permit process, however, density shall not exceed 45 dwelling units per acre. A total of 135 multi-family market rate senior units could be built or 169 affordable senior housing units could be built with a density bonus on the 19 in-fill neighborhood commercial lots. There is also one 4.2 acre commercial site on Camino de Estrella in the north-west portion of the City, where a senior housing project has received approval from the Planning Commission for 122 affordable dwelling units for seniors.

A vacant lot survey completed in June, 2000 revealed a total of 50 vacant single family lots west of Interstate 5 in the residential low density zone and 70 vacant multi-family lots. A total of 25 homes are projected to be built on the single family lots over the next five years. A total of 253 multi-family market rate dwelling units could be built on the 70 multi-family lots or if the units qualified for a density bonus of 25%, a total of 316 units of affordable housing could be built.

In addition to the vacant lots, a total of 70 underutilized multi-family lots west of Interstate 5 were counted with either single family blighted homes or blighted, non-conforming multi-family properties. The average property was built in the 1950's. The typical 4,000 square foot medium density lot with a single family home, could be torn down and 2 units could be built producing roughly an additional 140 very low and low income apartment units.

East of Interstate 5, there is one very low density, 25 acre lot for sale which is owned by the Water District. Although the land encompasses a canyon, 3 homes could be built on the land. Approximately 12.2 acres of low and medium low density vacant land remains outside of the Ranches for development of low density residential. Most of the lots are expensive view lots within Sea Ridge and Sea Point estate developments. It has been calculated that 70 new homes could be built on these lots, with an estimate of 60 homes built between 1999 and 2005.

Out of approximately 600 multi-family units and 143 single family homes which could be built on vacant lots, a total of 379 multi-family units and 100 single family homes are projected to be built over the next five years. The following table highlights the development totals.

**Table 2-10**
**Projected Development of Vacant Residential In-fill Lots**
**1999-2005**

| Location | Single Family Units | Multi-family Units |
|---|---|---|
| **West of I-5** | 40 | 379 |
| **East of I-5** | 60 | 0 |

### 2.213 Population and Housing Projections

Population is also projected to increase at a faster rate than the previous 10 years. Between 1990 and 2000, population grew at a rate of 2.2% a year. Population projections were based on the State Department of Finance figure of 2.6 person per dwelling unit multiplied by the number of projected new units, except for the 122 unit senior housing project, wherein 1.5 persons per dwelling unit was used. Between January 2000 and June 2005 population is projected to increase by 11,849 persons or 2,154 persons per year (over 5.5 years), resulting in a population growth rate of 4.2% a year. Detailed population and housing projections are located in the appendix.

Housing stock is projected to increase by 4,609 dwelling units between January 2000 and June, 2005. The total number of housing units in the City is expected to increase to 25,481 dwellings by June 2005. The average annual growth rate is projected to be 4% a year.

### Table 2-11
### City of San Clemente
### Population and Housing Growth
### January 2000- June 2005

| Population 2000 | Projected Population Growth 2000-2005 | Projected Population 2005 |
|---|---|---|
| 50,302 | 11,849 | 62,151 |

| Housing Units 2000 | Projected Housing Growth 2000-2005 | Projected Housing Units 2005 |
|---|---|---|
| 20,872 | 4,609 | 25,481 |

## 2.214 Regional Housing Needs Assessment (RHNA)

According to State Law, local governments' housing needs assessments must include their share of the projected needs for housing in the region. The Southern California Association of Government (SCAG) has prepared the data for the City's regional housing needs per income category. The formula for future housing needs reflects the number of new housing units and households which are expected to reside in the city (future demand), plus an adequate supply of vacant housing to assure mobility and new units to replace losses. On November 8, 1999, SCAG's Regional Council adopted construction need and income distribution numbers based on household growth projections determined by the City of San Clemente the Center for Demographic Research at Cal State University at Fullerton. The analysis was based on historical trends in the older, developed areas of the city and specific plan projections for the Ranch developments.

Three factors were considered in determining housing unit growth: household growth, unit vacancies, and expected demolitions.

The following formula is derived by SCAG to determine future need:

**Future Need = Household Growth less Vacancy Adjustment + Demolition Adjustment**

San Clemente's projections amount to the following:
**2,719 dwellings = 2,893 - 271 + 97**

The vacancy adjustment in the RHNA involves determining the City's ideal vacancy rate based on the ratio of single-family to multi-family units and then multiplying each ratio by the ideal vacancy rate. According to SCAG the ideal vacancy rate for single family housing is 2% and 5% for multi-family housing. The State Department of Finance projected a vacancy rate of 10.81% for San Clemente in 2000. This includes both single and multi-family housing. Vacancies are noted to be higher in coastal cities due to the number of second vacation homes that are not primary residences. The vacancy adjustment was determined to be 271 dwelling units over the next five years.

An adjustment of 97 units for replacement of demolished units was calculated. Given the assumptions of household growth, vacancies, and demolitions, the RHNA projects 2,791 housing units will need to be added to the housing stock by June, 2005 to meet regional housing needs. The City has vacant land zoned to meet this need.

### 2.215 Residential Development Potential and Regional Housing Needs

The projected construction needs for San Clemente as determined by the 1999 RHNA is 2,719 housing units. The following table presents the projected regional housing needs by income and the projected development of housing units as determined by the Community Development Department.

As indicated in Table 2-12, the City is able to meet the regional housing needs by income group. This will occur with land currently vacant in the City by zoning category in existing multi-family neighborhoods for the very low and low income categories and projected development on Ranch properties for Talega, Rancho San Clemente, Marblehead and Forster Ranch. Besides vacant in-fill land, there is one 16 acre lot in the Talega Village Center zoned Medium High Density which could house 333 very low and low income apartments. This site is projected to be developed by 2005.

**Table 2-12**
**City of San Clemente**
**Regional Household Needs by Income Group**
**1998-2005**

| Income Category | RHNA Housing Units | Percent of Total | Projected Vacant Land Yield at Build-out 1998-2012 | Projected Units 1998-2005 to be built within City |
|---|---|---|---|---|
| Very Low<br>0-50% of med.income | 545 | 20% | **600** | 560 |
| Low<br>51-80% of med.income. | 308 | 11% | **574** | 354 |
| Moderate<br>81%-120% of med.income | 550 | 20% | **903** | 576 |
| Upper<br>over 120% of med. income | 1,317 | 48% | **2,748** | 1,712 |
| **Total Housing Units** | 2,719 | 100.0 | **4,825*** | 3,202* |

*Includes 179 moderate and upper income S.F. units built in 1998

One 4 acre site has received Planning Commission approval for the development of a very low income Senior apartment complex with 122 dwelling units. It is projected to be constructed during 2001-02. A large 16 acre site in Village 3 town center in Talega is zoned medium high density (15-24 units/acre) and has Specific Plan approval for 353 units. Due to the site conditions, 333 units or 20 units an acre have received entitlement. This site has been projected as another affordable housing site for very low and low income households. In addition, 28.2

acres with 239 dwelling units are designated for medium density development in Talega. This site has been projected as a possible affordable site for very low and low-income households. There are adequate in-fill vacant, medium density sites, commercial and mixed use sites to provide the needed very low and low income multi-family housing units. Approximately 105 very low and 115 low income units are projected to be built on in-fill sites by 2005. Typical development during the slower growth of the 1990's amounted to approximately 30 new multi-family units a year as reported in the State Department of Finance housing and population report. If new projects are encouraged to provide affordable housing, density bonuses and parking reductions could be given amounting to a projection of 40-50 new multi-family units a year over the next five years.

Very low income households will also be served through the conversion of existing motels to Single Room Occupancy units (SRO's), and through the acquisition of substandard multi-family housing converted to below market rate housing. Non-Profit Housing Organizations such as Mary Erickson Community Housing and Laura's House already have development applications in process for 13 multi-family units. The acquisitions would be financed with a variety of private and public financing sources including the City's Redevelopment Housing Fund, In-lieu Housing Fees, Federal HOME or CDBG funds, and private financing. A minimum of 60 very low income housing units are projected to be added to the housing stock in this manner over the next five years. Possible sites include: the conversion of the 20 unit, Algodon Motel (S. El Camino Real and Avenida Algodon), various other 10-40 unit low-vacancy motels along S. El Camino Real, and existing deteriorated apartment complexes in the center city area, including W. Canada, W. Escalones, and W. Marquita, to name a few streets.

Regarding land annexed into the City from Talega, the City issues building permits once LAFCO has an annexation request on file and when the homes are ready to be occupied they will be within the City of San Clemente.Through this "rolling annexation" process approximately one half of the unincorporated land at Talega has been annexed into the City as of June 2001. Table 2-13 presents the income distribution of the Talega development to be annexed to the City. The distribution of the units is based on the County requirements as produced and recommended by the Center for Demographic Research/SCAG. A total of 57.5 acres are zoned as medium high density and 4 acres are zoned as high density. Jamboree Housing Corporation has received an option to build 186 very low income apartment units on 10 acres of land which will be annexed into the City. It is projected to commence construction in the late fall of 2001, if tax credits are received by June, 2001. In addition to this project, another 7-8 acre medium high density site could provide 155 apartment units at 20 units an acre for a total of 341 very low income apartment units. BRE developers have received entitlements to build a market rate apartment complex of 252 units which is expected to begin construction in 2001. The units are projected to house both low and moderate income households. Another 4 acre site is also being considered by the same developer to build 100 more moderate income apartment units. Lastly, 373 condominiums at 15 units an acre could be built in the medium high density area for moderate income households. For upper income households 848 single family

units are projected to be built by 2005 in the Sphere of Influence. Roughly 150 acres of low and low medium density land is available for development of these homes.

### Table 2-13
### Transfer of RHNA Housing Units from County Unincorporated Talega Development to City of San Clemente
### Regional Household Needs by Income Group
### 1998-2005

| Income Category | RHNA Housing Units County Transfer | Percent of Total | Projected Units 1998-2005 |
|---|---|---|---|
| Very Low<br>0-50% of med. Income | 336 | 18% | 341 |
| Low<br>51-80% of med.income. | 242 | 13% | 250 |
| Moderate<br>81%-120% of med.income | 410 | 22% | 425 |
| Upper<br>over 120% of med. income | 876 | 47% | 848 |
| **Total Housing Units** | 1,864 | 100.0 | 1,864 * |

*** Includes 162 moderated and upper income units built in 1999**

Table 2-13A presents the total RHNA housing requirements to be transferred from Talega and the total RHNA requirements from the City. The third column totals both RHNA requirements and the fourth column presents the projected number of units to be built in the City by income category between 1998 and 2005. It is projected that the City will meet the RHNA requirements in all categories with the total surpassing the RHNA housing needs by 482 housing units.

### Table 2-13-A
### TOTAL PROJECTED UNITS TO BE CONSTRUCTED
### Talega Annexation and City Housing Units
### Regional Household Needs by Income Group

**1998-2005**

| Income Category | TOTAL TALEGA RHNA Units | TOTAL CITY RHNA Units | TOTAL RHNA Units | TOTAL Projected Units 1998-2005 |
|---|---|---|---|---|
| Very Low<br>0-50% of med. Income | 336 | 545 | 881 | **901** |
| Low<br>51-80% of med.income. | 242 | 308 | 550 | **604** |
| Moderate<br>81%-120% of med.income | 410 | 550 | 960 | **1,001** |
| Upper<br>over 120% of med. income | 876 | 1,317 | 2,193 | **2,560** |
| **Total Housing Units** | 1,864 | 2,719 | 4,584 | **5,066*** |

*Includes 179 moderate and upper income S.F. units built in 1998 and 162 moderate and upper income units built in 1999 in Talega

### 2.216 Quantified Objectives for Construction, Rehabilitation, and Conservation

The State requires cities to determine the maximum feasible units to be constructed, rehabilitated and conserved for each income group that could be achieved during the next five years. Based upon the needs assessment, the regional housing needs, historical trends and projected new development, the following numbers were generated:

**Table 2 -14**
**Quantified Objectives for Construction, Rehabilitation and Conservation**
**City of San Clemente**
**1998-2005**

| Income Levels | # of d.u. Construct. | # of d.u. Rehab. | # of d.u. Conservat. |
|---|---|---|---|
| Very Low | 901 | 270 | 280 |
| Low | 604 | 10 | 20 |
| Moderate | 1,001 | 0 | 0 |
| Above Moderate | 2,560 | 0 | 0 |
| **Total** | **5,066** | **280** | **300** |

The total number of constructed units was determined based on 4,587 new dwellings built on ranch properties and 479 new dwellings on vacant in-fill lots for a total of 5,066 new units between 1998 and 2005. The City operates its own Home Rehabilitation Program with CDBG funds. The number of units to be rehabilitated was based on an historical average of ten properties a year rehabilitated with an average 4 units per building. Through the Home Rehabilitation Regulatory Agreements with the property owners and non-profit organizations, 300 units are projected to be conserved for very low and low income households. The City's cooperation agreement with the County of Orange ends June 30, 2003. This will terminate the City's relationship with the County in regards to the allocation of funds from HUD. The City has reached 50,000 in population and will be working to become an Entitlement City receiving

HUD funds directly by 2003-04 fiscal year. The Home Rehabilitation Program is expected to continued, although there may be a temporary slow down when administration of the funds changes.

The preservation of assisted units is to be considered annually as one of the Housing Element's policies and programs. There is only one Senior 202 Housing Project in San Clemente. The other Inclusionary Units built in the 1980's have met their regulatory obligations (10 years) in the late 1990's. No at –risk units are projected to be conserved over the next 5 years, however, if it becomes economically feasible to purchase affordability in privately owned apartment units in some of the larger existing developments, this will be considered as part of the annual evaluation of assisted housing.

### 2.217 Public Services and Facilities

All housing developments need adequate facilities to provide for water, waste disposal, electricity, natural gas, schools, parks, fire and police protection services. Ordinance 922, the Growth Management Initiative, requires all developments of 5 units or more to apply for a development allocation to build housing. The Ordinance requires that each application shall provide information on the development's impact upon local public facilities and services. Each project is then rated based on the ability of existing city facilities to serve the project and the quality of design and contribution to the public's welfare. Developments that do not cause new public facilities, transportation routes or equipment to be generated are given more points than projects requiring new facilities, roads, etc.. Developments that provide low-income housing units are entitled to up to 10 bonus points. The need for new facilities, services and roads is mitigated between the City and developer and often causes housing costs to increase. As discussed previously on page 2-6, *Ranch Development Opportunities,* the City has two instruments that guarantee that infrastructure will be on time and in place to accommodate development in any possible phasing scenario. The first document was adopted in 1989 and is called the Regional Circulation Financing and Phasing Program (RCFPP) and the second document is the development agreements agreed to by each major Ranch developer and adopted by the City Council.

The City of San Clemente extracts groundwater from City owned wells, imports water from the Metropolitan Water District via the Joint Transmission Main (JTM) and the South County Pipeline (SCP) and produces recycled water at the City's Recycle Water Treatment Facility. The City of San Clemente provides for wastewater treatment of all properties within the city at the San Clemente Reclamation Plant, except for new development in Talega. The Santa Margarita Water District will provide water and wastewater treatment to the Talega development. Talega also has acquired capacity in the City's wastewater treatment plant so that golf course runoff may be directed to the City's plant. Solag Disposal provides for all waste removal from properties within San Clemente.

Consistent with the General Plan and housing policy to site affordable housing close to public services and facilities, new development in the City is balanced with a mix of employment

centers, parks and recreation, transportation services, and other public amenities. Affordable housing projects built in the 1980s have bus lines connecting them to employment and shopping areas in the city. Acquisition and rehabilitation of existing apartment buildings with public funds will remain focused in the downtown area along El Camino Real, where the majority of apartment units are concentrated housing lower income households and where access to local shopping and businesses is more convenient. New development in Talega will also be a mix of income groups and commercial development with convenient access to the Rancho San Clemente Business Park and growing Plaza Pacifica Shopping Center.

### 2.22 Housing Needs Due to Deterioration of Dwellings

Federal and State programs use age of housing to determine the extent of rehabilitation needs in a city. The accepted standard for determining when major rehabilitation is needed is when a property is 30 years old or more. As of 1990, approximately 17% of the housing stock was over 30 years old (3,300 properties). The majority of these properties are located on the west side of the city in the historic downtown area. In 1993, a group of interns from the University of California at Irvine surveyed 52 streets in 3 target areas to determine property rehabilitation needs. A total of 1,761 properties were surveyed, 1,212 were multi-family rental properties and 549 were single family properties. The properties with the most significant deterioration were multi-family. A total of 211 multi-family properties and 110 single family properties were identified to need extensive rehabilitation. This amounts to approximately 10% of the units 30 years or older. The problem is compounded because the properties needing rehabilitation are also rented by the lowest income households in San Clemente.

In 1993-94, the City began receiving funds from the Federal CDBG and HOME Programs to operate a Home Rehabilitation Program locally. In seven years, 67 apartment buildings and 30 single family homes were rehabilitated. A combination of direct mail and code enforcement action resulted in the rehabilitation of the most blighted units in town. This stimulated re-investment in as many non-assisted apartment rehabilitation's downtown as indicated by the increase in building permit activity over the last five years. In order to keep rents within HUD guidelines, household income and rent requirements restrict the funds to either low income, owner-occupied households or tenant households earning less than 80% of median income. The City intends to continue this program and anticipates working on 10-15 rehabilitation projects a year.

### 2.23 Housing Needs Due to Population Characteristics and Special Needs Households

Assuring the availability of adequate housing for all social and economic segments of San Clemente's present and future population is a primary goal of the City. In order to determine whether each income category is adequately served, an analysis of household characteristics is necessary. In 1990, San Clemente had approximately 16,701 households with a total population of 41,100. By 2000, 2,146 new housing units and 9,202 persons were added to the City. Single family detached units increased by 1,779 new units, single family attached increased by 42 units and multi-family in-fill dwelling units increased by 325 units. In 1990, the

majority of households were families (66%) with single person households making up 24% of the population and unrelated households (roommates) amounting to 10% of the households in the City. Until Census 2000 data is provided, considering the number of new single family housing built over the last decade, it is safe to assume that families will continue to make up the majority of households in San Clemente.

### 2.231 Age and Household Size

Age of the population and household size are important characteristics which shape housing demand. The greatest change in the age distribution of San Clemente has been the increase in the age group between the ages of 39 and 64 years of age (an increase from 33% in 1980 to 37% of the population in 1990). To meet this need, new housing production focused on family housing in the 1980's and 90's. Accordingly, overall household size has grown in San Clemente since 1990 from 2.46 persons per household to 3.12 persons per household in 2000. This can be attributed to a number of factors, including an increase in the number of family households, an increase in immigrant families, and children remaining at home after 18 years old due to the high cost of housing.

The percent of the population over 65 years of age decreased from 15% to 13% of the total from 1980 to 1990. A total of 5,336 seniors in 3,482 households resided in San Clemente in 1990. A total of 39% of senior households were reported to live alone and of those, 78% were women. The majority of seniors in town own their housing (79% over 65 years old). The State's Civil Rights Act disallows age discrimination in housing. However, there is an exemption for senior housing. New senior housing developments in urban areas under 150 units are limited to housing persons 62 years of age and older. Senior housing developments over 150 units are required to provide housing to persons 55 years of age and older. Senior housing projects are also required to be designed for the physical and social needs of senior citizens. There are no senior housing projects in San Clemente over 150 units and only 1 Federal 202 senior housing project with 72 dwelling units. If plans are processed as proposed, the City will have a new 122 unit senior project built in 2001. The following table summarizes the general characteristics of San Clemente's resident population from the 1990 Census.

**Table 2-15**
**San Clemente**

### Population and Household Characteristics
### 1990 Census

| Type of Household | Amount |
|---|---|
| Total Population | 41,000 |
| Households | 16,701 |
| Families | 11,033 (66% ) |
| Single Persons | 3,919 (24%) |
| Other households | 1,749 (10%) |
| Household Size | 2.46 |
| Household Med.Income | $46,374 |
| Owner/Renter Ratio | 59%/41% |
| | |
| Large Households 5 persons +/Household | 1,759 households |
| Renter | 1,056 households |
| Owner | 703 households |
| | |
| Overcrowding 1.1 or more persons per room | 868 units – 5% of households |
| | |
| **Type of Household** | **Amount** |
| Overcrowding | |
| Renter | 736 units - 70% of lg.fam.hsld. |
| Owner | 132 units - 19% of lg.fam.hsld. |
| | |
| Race/Ethnicity | |
| Caucasian | 84% |
| Black | .6% |
| Asian | 3% |
| Hispanic | 12% |
| Other | .4% |

## 2.232 Income and Housing Affordability

Income characteristics of the population are important market indicators because they influence the price range of housing in the community and the ability of the population to afford housing. The following tables summarize data from the local Board of Realtors and a staff survey of rental rates, showing the housing cost and affordability characteristics of San Clemente's housing market as it relates to the income of the population.

**Table 2-16**

### San Clemente Housing Costs *
### June 2000

| | |
|---|---|
| **Average Sales Price – 2 bedroom home** | $272,500 |
| **Average Sales Price – 3 bedroom home** | $359,000 |
| **Average Sales Price - 4 bedroom home** | $485,000 |
| **Average Rent – Apartments** | |
| 1 bedroom (downtown, no view) | $ 800/month |
| 1 bedroom (Ranch properties) | $920/month |
| 2 bedroom (downtown, no view) | $ 900/month |
| 2 bedroom (Ranch properties) | $1,200/month |
| 3 bedroom (downtown, no view) | $ 1300/month |
| 3 bedroom (Ranch properties) | $ 1,350/month |
| **Average Rent- 3 bedroom home** | $1,800/month |

*South Orange County Board of Realtors, Talega/Jamboree Mkt. Study 2000

### Table 2-17
### Housing Affordability for Very Low Income to Moderate Income Households
### HUD Income Categories for Orange County
### 2000

| Income Category | Aff. Purchase Price | Afford.Housing Cost | # of S.C. Households* |
|---|---|---|---|
| Very low<br>$34,800 | $140,000 | $870 | 2,230 (12%) |
| Low<br>$34,800-$50,200 | $140,000 - $204,000 | $870 - $1,250 | 2,230 (12%) |
| Median<br>$50,200-$69,600 | $204,000 - $288,000 | $1,250 - $1,740 | 3,170 (17%) |
| Moderate<br>$69,600- $83,500 | $288,000 - $342,000 | $1,7,40 - $2,087 | 2,420 (13%) |

* Number of Households is based on the same proportion from the 1990 Census.

Federal standards for housing affordability state that no greater than 30% of household income should be spent on housing costs. If a household pays more than 30% of their income on housing, then they are considered an "overpayer". In 2000, a median income household earning $69,600 could afford a home costing approximately $288,000, based on a 8% interest rate and a 20% down payment. The lower the mortgage rate, the more expensive home one can afford, likewise the larger the down payment, the more expensive home one can buy.

In 1990, 1,932 households (12%) earned less than $15,000 and another 2,010 households (12%), earned less than $25,000. Affordable housing costs for these households amount to $375 and $625 per month respectively. Very low income families are defined as earning 50% of median income. In 1990, a very low income household of four persons was categorized to earn $22,500. A person earning $22,500 a year is earning approximately $11.71 per hour, or represented another way, two persons earning $5.85 per hour. Using the 30% of median

income standard for housing costs, the affordable rental price for a very low income household was $562 per month in 1990.

Although household income has increased since 1990, so have housing costs. In 2000, a very low income family of four is categorized as earning $34,800 a year. Spending 30% of their income on housing amounts to $870 per month. Rental rates in San Clemente range from $900 to $1200 for a two bedroom apartment and up to $1,800 a month for a 3 bedroom house, depending on the amenities and view. Based on these figures, very low income households earning $2,900 a month must spend between 40% and 60% of their income for housing in San Clemente. If the proportion of low income households remain the same from 1990, it is projected that 12% - 20% of the households in San Clemente (2,000 – 4,000 households) can not afford market rents and are paying more than 50% of their income on rent.

Extremely low income households are those households earning approximately 26% to 40% of median income, $18,000 - $28,000 per year with an hourly wage between $9.40/hr - $14.50/hr. Twenty-five percent of median income or approximately $17,400 is considered poverty level for a family of four. Affordable housing costs for households earning in the extremely low income category range from $450 - $696 per month. Senior citizens earning a minimum of $660 a month in Social Security can only afford rent of $220/month. These rents are considered below market and are currently only found in non-profit or publicly owned housing, or by persons utilizing Section 8 housing certificates/vouchers. Due to these needs, the primary focus of the City's Affordable Housing Program is to assist households earning 50% of median income or less.

### 2.233 Employment

Employment characteristics are important to housing market analysis because employment is directly related to income and the ability to afford housing. In addition, the relationship between the location of housing and the location of employment has an impact upon transportation systems. San Clemente is south-west of the major employment centers in Orange and Los Angeles Counties, and 30 miles north from Camp Pendleton and Northern San Diego County. Thus, substantial commuting occurs between these employment sites and housing areas in the City as the higher wages attract employees willing to incur the costs of commuting. However, a need for lower wage labor for the commercial and service centers continues to increase as economic development in San Clemente takes a higher priority.

The 1990 Census reported a total of 22,121 people in the labor force living in the City. Approximately 4,700 people (21%) were employed in lower wage industries, including: the service industry, light industry fabricators or laborers, or were in the farming, forestry or fishing industry. Low wage jobs produce a need for affordable housing. The continued development of tourist related industries, including the development of 2 large hotels in Dana Point has put pressures on the tri-city area (Dana Point, San Clemente and San Juan Capistrano). For example, in 1996, the Ritz Carlton Hotel reported that they have 393 rooms and 448 employees earning less than $11 per hour. A comparable hotel, the Laguna Cliffs in Dana

Point has 350 rooms, and although employment information was deemed confidential, another 400 low-wage employees are projected. Assuming 850 low-wage jobs generate a conservative need for an additional 425 low-income housing units locally, it is apparent that continued growth in the tourist and service industries will increase the demand for affordable housing. The following table lists the type of occupations of residents, the percent and number of persons employed in each one.

**Table 2-18**
**Occupations of San Clemente Residents**
**1990 Census**

| Occupation | Percent of Total | Total Employed |
|---|---|---|
| Managerial/Professional | 34% | 7,444 |
| Technical, Sales, Admin. | 34% | 7,499 |
| Service | 11% | 2,461 |
| Farming, Forestry, Fishing | 3% | 536 |
| Precision Production Craft and Repair | 10% | 2,508 |
| Operators, Fabricators and Laborers | 8% | 1,673 |
| **Total Employed 16 yrs.+** | 100% | 22,121 |

**Table 2-19**
**Labor Market within San Clemente**
**State Employment Development Department**
**1996**

| Industry | Establishments | Employment | Percent of Total |
|---|---|---|---|
| Agriculture | 47 | 390 | 1% |
| Construction | 155 | 2,669 | 9% |
| Manufacturing | 142 | 3,778 | 12% |
| Trans,Elec.,Gas,Sanitation | 34 | 767 | 3% |
| Wholesale | 136 | 2,774 | 9% |
| Retail | 279 | 7,529 | 24% |
| Fin,Ins,Real Est. | 111 | 1,328 | 4% |
| Services | 535 | 9,139 | 30% |
| Local Gov't. | 1 | 250 est. | 1% |
| Non-classified | 75 | 2121 | 7% |
| **TOTAL** | **1,515** | **30,745** | **100%** |

Without more information it difficult to more than estimate how many of the residents live and work in San Clemente, and to what extent the City imports low wage earners to fill employment demands. But it is evident that there are 2,461 residents (11%) employed in the Service Sector and 9,139 (30%) Service Sector jobs within town. There are 7,499 (34%) residents employed

in the sales, technical and administrative work and another 7,444 (34%) residents are employed in Managerial/Professional jobs, whereas there are roughly 11,900 (38%) jobs in town involving the same sectors. It appears that San Clemente imports many people into town for lower paying jobs and many people leave town for higher paying jobs. There is ample new housing for higher income employees, but fewer new housing opportunities for lower income employees. The City's Housing Strategy includes both the Inclusionary Housing Program for development of new housing and the Redevelopment Housing Program which addresses the preservation of existing lower income housing stock to ensure all types of housing are provided in San Clemente. But with the cost of land, fees, and construction costs it is impossible for developers to build housing affordable to households earning 50% or less than median income without government financing and subsidies. Inclusionary requirements are necessary to require the developer to make provisions for all economic segments in their project, or pay an in-lieu fee so that the City can utilize the funds for below market rate housing.

### 2.234 Special Needs Housing

Special needs housing relates to those people who have as a population group, difficulty in finding suitable housing. These groups include: overpayers, disabled households, farm workers, elderly, large households, families with female heads of households, and families in need of emergency shelter. Included in this analysis are poverty level households and households paying more than 30% of their income on housing.

***"Overpayers"*** - As discussed, households paying more than 30% of their income on housing are considered "overpayers". However, paying more than 30% of your income on housing is very common in California. The 1990 Census reported 43% of all households in San Clemente overpaid for housing. Overpaying for housing affects renter households earning less than 50% of median income ($34,800 in 2000) much more seriously than owner households earning median income or above ($69,600 + in 2000). In 1990, 95% of all renter households earning less than $20,000 (1,880 households) overpaid for their housing, whereas, only 49% of all owners earning less than $20,000 (327 households) overpaid for their housing.

***"Homeless"*** - The Orange County Continuum of Care Coalition began in 1998 after HUD determined the County had not adequately planned for the utilization of federal Homeless funds. County and City governments, and non-profit providers had to provide documentation on the homeless need to HUD and develop a plan to utilize funds which will meet the needs of the different populations. Since 1998, an annual needs assessment was undertaken by Infolink for the County. Non-profit service providers documented that there are approximately 18,600 homeless in Orange County. The sub-populations that make up the homeless include: Chronic Substance Abusers, Seriously Mentally Ill, Dual Diagnosed (both drug users and mental illness), Veterans, Persons with AIDS/HIV, Victims of Domestic Violence, Homeless Youth (ages 17-21) and the Physically Disabled. There are numerous factors that contribute to homelessness in Orange County. Problems with obtaining and keeping employment, limited education, mental illness and substance abuse are some of the reasons. An increasing trend contributing to homelessness is the fast-rising rents and inadequate federal rental subsidies for the lowest

income and disabled households. South Orange County being a desirable place to live, rents have increased faster than North Orange County and as the economy has improved, vacancies have lessened, rental properties no longer needed to rent to households with Section 8 certificates, resulting in evictions of many very low income households from South Orange County. Even the large apartment complexes in San Clemente very seldom rent to Section 8 certificate holders. This is unfortunate because even though the rent is guaranteed by the Federal Government, many property owners do not want to deal with the bureaucracy unless they are forced to because of high vacancies.

At an April 1999 town-hall meeting sponsored by UCI entitled "Hard Choices: Housing and Community through 2020", the consensus was the lack of affordable housing is no longer just a social issue but a threat to Orange County's prospering business climate. In October 1999, a 3 day Future Search Conference entitled "Where will working families live earning $10 or less and hour" was held. As a result of this the Future Search Affordable Housing Coalition was formed of City and County government leaders, non-profit organizations and business leaders to identify projects and form coalitions to promote and build affordable housing in Orange County. It is well known in California that 34% of Orange County renters are unable to afford fair market rent on a one-bedroom apartment, and 42% cannot afford rent on a two-bedroom apartment. Such households would have to work 105 hours a week (2 persons at 50 hours +), at minimum wage, to afford the average rent on a two bedroom apartment. In order for low income households to remain in Orange County, this will lead to overcrowding in some properties, as 3 wage earners may be needed to afford the rent on a 2 or 3 bedroom dwelling. Single parent households are especially impacted by the high cost of rent. Not only do they find it difficult to find room mates, when they do, it's usually other single parents with children as well. Many senior citizens are also providing housing for their grown children and grandchildren in order to prevent them from becoming homeless.

The affordable housing crisis along with rising rents and homelessness is an big issue in San Clemente. The Ecumenical Service Alliance (ESA) was the primary homeless service provider in San Clemente until 1999. After the County of Orange bankruptcy, many non-profit agencies had to reduce their services, and like ESA had to sell off their assets. Since then, the Salvation Army, Family Assistance Ministries, Laura's House, Henderson House, and Toby's House, to name a few, have filled in some of the gap by assisting many homeless and very low income households with emergency services, food, clothing, rental assistance and shelter in San Clemente. While it is unknown how many homeless people live in San Clemente, non-profit service agencies have assisted 50-100 homeless men and women on a regular basis with emergency food, clothing, toiletries and bus fare. Between 1997 and 1999, the San Clemente Homeless Task Force operated a cold weather shelter in local churches housing approximately a dozen single people a night. Homeless families were given vouchers at local motels. Because there is no shelter in town, motels have become one of the few housing resources for homeless families, with the Algodon Motel being the most well known. Rents range from $120-$180 a week, which is now quite a bit less than renting a small apartment unit. However, this type is housing is teeming with problems. The rooms are too small and unsanitary, when bathrooms

serve as kitchens, and unsafe, as prostitution and drug activity is not uncommon at many motels in Orange County. All evidence of homelessness point to more efforts are needed to move very low income families into the continuum of care and to increase permanent below market housing.

During 1999, Family Assistance Ministries assisted 1,162 San Clemente residents with homeless prevention services and 238 residents received shelter and/or emergency services and counseling from Laura's House. The Salvation Army assisted 495 families with basic necessities and utility and rent assistance. Henderson House assisted 53 persons with transitional housing and Toby's House provided shelter to 6 unwed mothers and their children last year. CSP Youth Shelter, although located in Laguna Beach housed 10 local youth and provided counseling to 28 San Clemente residents. The City has provided approximately $30,000 a year for the last six years to help these organizations pay for operating costs of their homeless prevention programs. Another $1.2 million has been spent in Redevelopment Housing funds over the past 8 years for the acquisition, rehabilitation and new construction of transitional and permanent housing through Laura's House and Mary Erickson Community Housing.

A list of Orange County shelter services and permanent affordable housing is included in the Appendix.

***"Disabled"*** - About 10% of the United States population has a severe disability, or is unable to perform at least one functional activity, or one or more socially defined roles or tasks. In San Clemente, the 1990 census reported 10.4% of the population (3,417 persons) over 16 years old has a mobility or self care limitation. The State Social Security Disability payment averages $620 per month. Census data does not provide information on the household income of disabled households, but it is apparent that one could not subsist on $620 per month, unless housing was shared or Section 8 certificate was utilized by the household.

The two most prevalent housing needs for persons with disabilities are *accessibility* and *affordability*. Individuals who are mobility impaired usually need housing that can accommodate wheelchairs or have level entry ways and no interior or exterior stairs. Implementation of the ADA Act through the Building Department will ensure that accessibility is provided in new developments and rehabilitation projects. The State of California adopted building regulations that required any privately funded development with five or more units of multi-family rental housing to include handicapped adaptability features. In order to have these requirements waived, the developer must provide evidence that the handicapped requirements cause the project to become financially infeasible or must provide that the modifications would necessitate the removal of major structural elements. In addition, rental property owners are required by law to allow the disabled tenant to pay for the adaptability of their own rental unit.

***"Farmworkers"*** - Farmworkers or agricultural employees are defined as those households whose wage earners make their living through seasonal agricultural work and who move with the seasons to different farming areas or communities. The 1990 Census identified 536 persons

residing in San Clemente and employed in either farmworking, forestry, or fishing and 390 agricultural workers employed within San Clemente. There is no available data on *migrant* workers living in San Clemente, therefore, farmworkers or agricultural employees are considered to be in the very low and low income household needs category.

***"Seniors"* -** The 1990 Census reported that 5,336 persons were over the age of 65. This amounted to 3,482 households or 21% of the total households in the City. Seventy-nine percent (2,750 households), live in owner-occupied housing and 21% rent (732 households). Five percent of the senior population (261 people) live on incomes below the poverty level. The poverty level for a single person was $7,470 in 1995. The average social security income for a single poverty level senior is approximately $650 per month, resulting in an annual income of $7,800. Seniors receiving less than $620 in social security per month, with assets less than $5,000, receive supplemental social security income to equal the subsidence level of $620 per month. As with other fixed or low income populations, seniors need affordable housing. Proximity to shopping, services, community facilities, and public transit are also important. There is one Federally funded senior housing facility in San Clemente - "Casa de Seniors". It consists of 72 dwelling units housing a total of 80 persons, including couples, singles or disabled persons over 18. The households pay 30% of their income on housing costs. Historically, 38% of the Orange County Housing Authority (OCHA) Section 8 certificates have gone to seniors. Using this average, it is estimated that 60 seniors receive an OCHA rental subsidy. Counting both senior housing subsidies, a total of 132 senior households are receiving some form of housing assistance. If all of the households are below poverty level, then it can be projected that 51% of the poverty level seniors are receiving housing assistance in the City.

Another senior housing project was supported by the City to assist 15 mobilehome owners purchase their lots in a mobilehome park in conjunction to the State CHAP and MPROP programs. City Redevelopment Housing Funds provided loans amounting to over $400,000 to 15 households earning less than 80% of median income (five households earned below 50% of median income) for a period of 15 years. The loans are payable upon death or transfer of the property and the loans can be assumed by other qualified homebuyers.

***"Female Head of Household"* -** A total of 1,173 female heads of households were reported by the 1990 Census to live in San Clemente. The housing needs of single parent households typically include minimal maintenance housing which is close to employment, schools, shopping, day care, and recreational needs. The housing needs of this group are of concern because incomes are generally less and social service needs are higher than married households. A total of 357 female headed households lived at or below the poverty level. The poverty level for a family of four is approximately $15,500. Approximately 100 OCHA Section 8 housing certificates support families locally.

The County of Orange Consolidated Plan reported 1,302 families to be in need of housing due to domestic violence. Laura's House is one of four domestic violence shelters in Orange County. As stated previously, they assisted 238 local families with couseling and/or shelter in

1999. They have recently purchased a duplex for a second step transitional housing program. In late 1998, the City provided $400,000 in funds to purchase 4 vacant lots for a mixed use project including administrative and counseling offices, day care and transitional housing with six apartment units. Architectural designs have been completed, and processing of the plans is underway.

***"Large Families"*** - There were 1,759 families with over 5 persons in their households in 1990. A total of 1,056 were renters and 703 were owners. There are very few options for large, low income families but overpaying for housing in San Clemente today. Only 100 families in San Clemente receive Section 8 housing certificates. The certificates enables families to pay only 30% of their income on housing, the difference in rent is subsidized by the Federal Government. Many of these families must take in another adult to assist in paying the rent, especially if they are able to rent a house. This is discussed further under the following section entitled "overcrowding".

The highest priority of the City's Redevelopment Agency Housing Program is to increase the stock of affordable housing for very low income households. The City assisted the Mary Erickson Foundation in acquiring three different buildings with a total of 19 family units since 1994. Two were rehabilitated and one is in the process of financing a demolition and reconstruction of seven 3 bedroom, 2 bath units for large, very low income families. A combination of Redevelopment Housing Funds, Federal HOME funds and private loans financed the purchases. Presently very low income families in the Mary Erickson apartments are paying below market rents between $600 and $750 a month for two and three bedroom apartment units. The City also recently signed an Option Agreement with the developers of Talega to provide 10 acres of land for a large family apartment project. The City assigned this option to a non-profit housing developer, Jamboree Housing. The plans are for development of 186 two and three bedroom apartments serving very low income families.

### 2.235 Overcrowding

Overcrowding is a measure of the number of people in a house. It can serve as a warning sign that a community does not have housing units with enough bedrooms to house large families in an affordable manner. The Federal definition of overcrowded is applied to units with more than 1.01 persons per room per unit. Large families are considered households with 5 or more blood, marriage or adopted relations in one household. In 1990, San Clemente had 1,759 large households or 10% of the total households in the City. Of the large households 60% were renters, and 70% of the large renter households lived in overcrowded living quarters. The remaining 40% of the large households owned their own home and only 19% of those households lived in overcrowded situations. These figures indicate that there are not enough larger rental units affordable to lower income large families.

### 2.236 Summary of Needs Assessment

In summary, households earning 50% of median income or less are overpaying for housing and in most cases 50% or more of their income or double up with roommates or extended family

members to afford housing. Families earning between 60% and 80% of median income able to afford market rate housing in most of the rental units available, although many of them are considered "overpayers" paying more than 30% of their income on housing. Households earning less than 50% of median income had to overpay in 95% of all renter households and 49% of all owner occupied households in 1990. Although the State Department of Finance has reported the vacancy rate to be approximately 10.8% over the last decade, this is more reflective of the number of second homes left vacant than apartment vacancies. A recent marketing study done for Jamboree Housing reported vacancy rates in San Clemente rentals to be between 2% and 4% in 1999. There are four rental housing projects providing 91 units of below market rate housing, these include the Casa de Seniors and the Mary Erickson Apartments. The City's Rental Rehabilitation Program provides matching grants to private property owners of low-income rentals in exchange for four years of rent regulation. Over 60 properties with 300 units have had their rents voluntarily regulated over the last 8 years of the program. Rental properties are painted, given new driveways, roofs, plumbing and electric upgraded, as long as low-income households reside within the units at HUD prescribed rent levels during the four year agreement period. Two privately owned rental properties providing a total of 36 rental units have ten year rental agreements to house very low income households at correspondingly low rents. Utilizing both Redevelopment, Housing In-lieu Fees, Federal Funds and Tax Credits, the City plans to work with Non-Profit Housing Organizations to provide additional affordable housing units to households earning less than 50% of median income. The following table identifies the special needs housing groups and the affordable rental units or housing subsidies available locally.

**Table 2-20**
**San Clemente Special Needs Housing**
**1990 Census Data and 2000 Affordable Units**

| Group | Number of Persons/Hshld. | Affordable Units or Housing Subsidies |
|---|---|---|
| Large Families | 1,056 Renter Households<br>736 Overcrowded | • Approx.70 Section 8 Certificates for families |

|  |  |  |
|---|---|---|
|  |  | are in use in the City<br>• Mary Erickson Community Housing, 3 properties 19 2 &3 bedrm units |
| Overpayers earning less than $20,000 | 1,880 Renter Households<br>327 Owner Households<br>(#'s may be duplicated in other categories) | • Section 8 certificates<br>• 36 units in private rental properties w/ 10 yr.rental agreements with City |
| Homeless | 60-150 persons (varies) | • 24 beds –Henderson House<br>• 22 beds +cribs-Laura's House, domestic violence shelter & Trans. Housing duplex<br>• Toby's House serves 6 unwed mothers and their children<br>• Shelter provided in motels by Non-profit organiz. |
| Disabled with a mobility or self-care limitation<br>With a work disability | 3,417 persons<br>2,732 persons | • 6 units available in Casa de Seniors<br>• Section 8 certificates |
| Seniors<br>Poverty level | 5,336 persons<br>261 persons | • Casa de Seniors – 72 units for both seniors and disabled over 18 yrs.<br>• 60 Section 8 certificates |
| Poverty level persons and households<br>Married Households<br>Male head of household<br>Female head of household<br>Total Female headed households | 2,852 persons live in 702 households<br>257 households<br>88 households<br>357 households<br>1,173 households | • Section 8 certificates<br>Orange Co. Housing Authority opened up waiting list in 1998, expect to serve approx. 1000 new families a year. |

## 2.3 Equal Opportunity Housing

Equal opportunity includes providing housing opportunities for all people, regardless of race, color, religion, sex, marital status, age, national origin, ancestry or disability. The Orange County Fair Housing Council provides local residents with information and investigates discrimination complaints.

### 2.4 Coastal Housing

The Coastal Zone is the area essentially located between the Pacific Ocean and the San Diego Freeway (Interstate 5). The area consists of approximately three square miles. It is estimated that 85% of San Clemente's current **affordable housing** stock is within the Coastal Zone, with approximately 6,300 multi-family dwelling units. Two of the census tracts in the coastal zone, tracts 421.07 and 421.08 also house the lowest income groups in the City. In 1990, the median income in these tracts averaged $31,585, which was substantially lower than the median income in the City of $46,374.

As part of the Housing Element law, local governments must include the following information when reviewing development in the Coastal Zone:

1. The number of new housing units approved for construction within the coastal zone after January 1, 1982.
   a. Number of new units 1982 – December 1989 – 134 ( reported in 1989 Housing Element)
   b. Number of new units Jan.1990 – September 2000 - 278
2. The number of units for low and moderate income households required to be provided either within the Coastal Zone or within 3 miles of it: - 3 - No low income units were demolished. Only one multi-family project has been built within the coastal zone with an Inclusionary requirement (412 Arenoso Lane – 23 units). The developer paid in-lieu fees of $63,743, which will be put toward payment of very low income housing to be built in the Coastal Zone. (7 units to be constructed - 150-152 W. Escalones- non-profit ownership).
3. Number of units occupied by low and moderate income households and authorized to be converted in Coastal Zone.
   a. Since January 1, 1982 – 1989 – 44 units (no demolitions) 1989 Housing Element
   b. January 1990- September 2000 – 0 no conversions or demolitions of low-mod housing.
4. Number of units for low and moderate income housing required in the Coastal Zone or within 3 miles, in order to replace those being converted: -0-

In August 1999, the City Council approved the funding of the purchase of one apartment building with eight very low income housing units (five occupied) by Mary Erickson Community Housing. The housing is sub-standard and does not meet current zoning codes. The plan includes the demolition of the 8, 2 bedroom units and re-construction of 7 units, 6 with 3 bedrooms and 1 with 2 bedrooms. The existing zoning code allows for the construction of 6 dwelling units on 12,000 square feet, but with the addition of 1 unit as a density bonus, 7 units will be re-built. The project is expected to be demolished by approximately June, 2001 and rebuilt by Spring 2002. All seven units will be available for the life of the project to very low income households. The one lost unit will be replaced either in the Coastal Zone or within 3 miles of the Coastal Zone as required by Government Code Section 65590.

The City enforces a Condominium Conversion Ordinance which limits the number of units which can be converted when the vacancy rate is below 10%. Although the vacancy rate has been over 10% since 1990, there have been no applications for condominium conversions in the Coastal Zone, nor has there been any displacement of households due to construction of new projects of 3 units or more.

### 2.41 Redevelopment Project Area

Section 33413 (b)1 of the State Health and Safety Code requires Redevelopment Agencies to provide 30% of all new or rehabilitated dwelling units developed by the RDA to households earning not more than 120% of the County median income, of which 50% (15% of the total units) are to be affordable to households earning 50% or less than the County median income.

Section 33413 (b)2 requires 15% of all new or rehabilitated dwelling units developed within the project area by public or private owners, other than the Agency, to be available to households earning not more than 120% of County median income, of which 40% (or 6% of the total units) must be affordable to households earning 50% or less than median income. The RDA must prepare an Inclusionary Housing Plan, consistent with the Housing Element which will insure that the housing affordability requirements are met every 10 years. The production requirements apply to the aggregate of all housing in the project area. Thus it is not necessary that 15% of the units in every housing development constructed or rehabilitated be affordable to low and moderate income persons, but that after ten years, the RDA has met the requirements of the aggregate number of units developed within the project area.

Within the Coastal Zone the City has one redevelopment project area. The focus of the redevelopment program is to revitalize the City's central business district and tourist commercial area fronting the municipal pier. Out of the 263 residential lots in the project area, 7 are vacant. The zoning is regulated by the Pier Bowl Specific Plan. The majority of the residential lots have a density of one unit per 1,200 square feet which would allow for apartments or condominiums to be developed. Due to the irregular shape of the remaining lots, there are few opportunities for increasing the number of new affordable units. Any new development in the Pier Bowl will require a substantial investment to accommodate parking on the site, thereby increasing the cost of the property. Since 1990, there have only been two new projects constructed in the Project area and both began construction in 1999. Both projects are built on vacant lots by private developers. One project is 23 condominium units and the other is a duplex. The larger project paid an in-lieu fee to satisfy the inclusionary requirement and as stated above the funds will help pay for the development of 7 new units of very low income housing in the Coastal Zone (however, not within the RDA project area).

There has not been any new residential construction by the Redevelopment Agency nor is any planned. The City's CDBG Housing Rehabilitation Program provided one matching loan to a property owner in the amount of $15,000 for rental rehabilitation. Two out of the three units are rented to low-income households. During the past five years only two private properties with a total of 14 apartment units made approximately $115,000 in property improvements.

## 2.5 Energy Conservation

Title 24, Building Energy Standards for Residential Development, establishes energy budgets or maximum energy use levels. The maximum energy use levels are established for three types of residential buildings and sixteen climate zones. The City of San Clemente is in Climate Zone 6. The standards of Title 24 supersedes local regulations. State requirements mandate Title 24 requirements through implementation by local jurisdictions. Builders have the option of meeting the Title 24 construction requirements through two different approaches, the performance and the prescriptive approaches.

*Performance Approach:* The performance approach provides the builder with the greatest flexibility in that the builder determines which mix of design and equipment technologies will be

used in meeting the specified energy budget. The builder, however, must be able to demonstrate, through the application of State approved calculation methods, that the proposed building will consume no more energy than the energy budget allows.

*Prescriptive Approach:* The prescriptive approach will probably be the most common, because it does not require computerized calculations. The prescriptive approach involves the use of one of five packages of energy-efficient construction measures that meet the energy budget.

## 2.6 Housing Constraints and Mitigating Opportunities

Given that San Clemente is a coastal city with an active citizenry, concerned with growth and quality development, there are numerous governmental, market, and environmental constraints to the provision and preservation of housing opportunities, especially for moderate and lower income households. The coastal location imposes physical and regulatory constraints, as well as ensuring relatively high land costs. An active citizenry with concerns about quality development causes stringent development standards and more extensive public participation in permit processing. Detailed below are constraints to the provision of housing, along with a discussion of potential mitigating opportunities to address these constraints.

## 2.61 Governmental Constraints and Opportunities

On January 29, 1992, the Countywide Housing Task Force was convened with Orange County Supervisor Roger Stanton and Anaheim Mayor Tom Daly as Co-Chairpersons to lead the effort to raise awareness of the need for affordable housing, define the constraints and recommend ways to encourage the development of affordable housing. The League of California Cities, Orange County section, the County of Orange and the Building Industry Association provided staff support to develop, “A Guidebook for Making Housing More Affordable”.

The California Legislature has delegated to local jurisdictions specific responsibilities and a certain amount of discretionary authority over the development and use of land. Through building codes, development procedures, requirements and fees, cities and counties influence the location, density, type, number, quality, and appearance of housing units in their jurisdiction. These actions can affect the cost and availability of housing not only within the boundaries of the city, but the region as a whole.

The following potential and actual governmental constraints are imposed by local, state, or federal legislation and have impacts on the ability to maintain, improve and develop housing for all income levels, most notably for moderate and lower income households. These constraints fall into six categories: land use controls; construction codes; code compliance programs; CEQA; California Coastal Act; and Article XXXIV. At the end of each constraint section is a discussion of the mitigating opportunities available through various programs and policies.

## 2.611 Land Use Controls

The land use policies of the City have a direct impact upon the provision of affordable housing. The General Plan and Ranch Specific Plans have designated substantial areas of land for housing. The City General Plan was updated in 1992 and the Zoning Ordinance was updated in 1996, revising development standards to respond to community needs. The Zoning Ordinance permits a wide variety of residential and mixed land uses which encourage the provision of affordable housing, not only in traditional residential neighborhoods, but in mixed use zones as well, fostering a blend of housing and commercial uses. Prior to construction of new projects, developers must obtain a series of approvals to assure that certain standards are met. When feasible, the City encourages density bonuses for affordable housing projects, with additional incentives such as reduced parking requirements. Developers of projects with 10 or more units are required to participate in the Inclusionary Housing Program, established to achieve community housing goals. Chapter 4 describes the Inclusionary Housing Program and other incentives in detail.

### General Plan Policies

The distribution of land use designations within the City that accommodate residential development, as shown in the General Plan Land Use Element, are based upon geographic constraints that limit the extent and density of residential uses. Some natural constraints include beaches, bluffs, and the city's overall mesa/canyon topography, as well as open space preserves.

The allowable density for a residentially designated property is determined by the General Plan land use designation. Listed below are the residential General Plan designations and their corresponding density ranges, expressed in dwelling units per developable acre (or du/ac).

**Table 2-21**
**General Plan Residential Density Ranges**
**2000**

| Designation | | Maximum Density |
|---|---|---|
| RVL- | Residential Very Low Density | 1.0 du/20 ac |
| RL- | Residential Low Density | 7.0 du/ac |
| RML- | Residential Medium Low Density | 10.0 du/ac |
| RM- | Residential Medium Low Density | 24.0 du/ac |
| RH- | Residential Medium High | 36.0 du/ac |

Other programs in the City's General Plan could have potentially constraining affects on the provision of housing for all income ranges. These policies include: the provision of roadways and other public facilities, emergency services, schools, parks, and open space; mitigation of potentially harmful noise impacts; and the avoidance of areas subject to severe hazards. While these potential constraints are derived from General Plan policies, they have manifested

themselves as zoning designations, ordinances and/or policy statements and are addressed in more detail below.

### Zoning Designations and Overlay Districts

A particular zoning district can also influence the potential constraints to providing housing opportunities. The underlying zoning designation of a property controls both the use and the development standards for that property. There are currently five different residential zoning districts within San Clemente. Another eight zoning districts conditionally allow residential development. Table 2-22 "Residential Zoning Districts" and Table 2-23 "Other Zoning Districts with Residential Uses Conditionally Permitted", below, detail the permitted or conditionally permitted residential uses and development standards for each of these zones. A complete summary of development standards for all zones within San Clemente, including specific plan land use designations, is attached in Section 2.3, Zoning Regulations, of the Appendix. Also detailed in Section 23 of the Appendix are regulations for mobile homes, senior housing and second residential units.

**Table 2-22**
**Residential Zoning Districts***
**San Clemente Zoning Ordinance Section 17.32.030(4)**

| Zone | Permitted Residential Uses | Conditionally Permitted Residential Uses | Minimum Lot Area | Lot Coverage | Building Height |
|---|---|---|---|---|---|
| RVL | ** | Single-family, second residential units, mobile homes | **20 gross acres or legal parcel** | 50% maximum | 30 ft./2 story maximum |
| RL | Single-family | Second residential units and mobile homes | 6,000 s.f. | 50% maximum | 25 ft. maximum |
| RML | Single-family, 4 units or fewer | 5 units or more and mobile homes | 6,000 s.f. – SFR<br>9,000 s.f. - Duplex | 50% maximum | 25 ft. maximum |
| RM | Single-family, 4 units or fewer | 5 units or more and mobile homes | 6,000 | 55% maximum | 25 ft. maximum |
| RH | Single-family, 4 units or fewer | 5 units or more and mobile homes | -- | 55% maximum | 45 ft. maximum |

*See Section 2.3 of the Appendix for specific plan area land uses and development standards.
** All uses in the RVL require a Conditional Use Permit

**Table 2-23**
**Non-Residential Zoning Districts with Residential Uses Conditionally Permitted***
**San Clemente Zoning Ordinance Section 17.36.020(8) and 17.40.030(5)**

| Zone* | Conditionally Permitted Residential Uses | Conditions for Residential Uses |
|---|---|---|
| NC1.2, NC2, NC3, CC1, CC2, CC3 | Senior Housing | (See Section 2.3, Appendix) |
| MU3 | 2 or more units and senior housing | Only allowed in conjunction with commercial development (See Section 2.3, Appendix) |
| MU5.1 | 2 to 4 units, mobile homes, senior housing | (See Section 2.3, Appendix) |

*See Section 2.3 of the Appendix for specific plan area land uses and development standards.

Some development standards, such as parking, are based upon use rather than the zoning designation. The parking standards for residential uses vary based upon the unit type, with single-family homes requiring two-car garages for each unit. Two dwelling units on a single lot require two parking spaces per unit. Of these spaces, 50% must be covered and each dwelling unit shall be assigned at least one covered parking space.

Parking requirements for projects with three or more dwelling units on a single lot shall comply with the most restrictive of the following two methods: Method 1 is based on the number of bedrooms in a dwelling unit. Method 2 is based on the net floor area of a dwelling unit. The two methods are summarized in Table 2-24, "Parking Requirements for Three or More Units on a Single Lot".

For projects with three or more units, guest parking must also be provided, at a ratio of one space for every three units. Additionally, the total number of parking spaces required for a project shall not be less than two spaces per unit.

While the zoning regulations for parking has reduced the number of units built on small in-fill lots as compared to the properties built in the 1950's when the parking requirement was one parking space per unit, the City does not foresee this to be a detriment to building affordable housing. It is widely accepted that low income households have fewer cars than higher income households. As part of the City's ability to allow for exceptions for affordable housing, the Planning Commission has accepted lower parking standards for three affordable housing projects approved in 2000. Two of the projects are for large family housing proposing to build 192, 2 and 3 bedroom units (Jamboree Housing-186 units and Mary Erickson Community Housing – 6 units), and the third is a senior housing project (USA Properties – 122 units).

### Table 2-24
### Parking Requirements for Three or More Units on a Single Lot
### San Clemente Zoning Ordinance Section 17.64.050(B)(7)

| Method 1 - Number of Bedrooms (Per unit) | Method 2 – Net Floor Area (Per unit) | Number of required Parking Spaces |
|---|---|---|
| 0-1 bedrooms | To 900 sq. ft. | 1.5 spaces |
| 2 bedrooms | To 1,800 sq. ft. | 2.0 spaces |
| 3 bedrooms | To 2,700 sq. ft. | 2.5 spaces |
| Over 3 bedrooms | Over 2,700 sq. ft. | 3.0 spaces |

In addition to the underlying zoning, overlay districts within the City have been identified and bestowed with special development standards and/or permit processing requirements. Overlay districts identified in the San Clemente Zoning Ordinance include Inland Canyons, Coastal Zone, Architectural, Planned Residential, and Special Residential Overlay Districts. Table 2-25 "San Clemente Overlay Districts" below lists these areas of special interest and identifies the permits required and the location of the additional regulations, in both the General Plan and the Zoning Ordinance.

**Table 2-25**
**San Clemente Overlay Districts**
**2000-2004**

| Overlay District | Area Covered | Purpose | Permits Required | Regulations* |
|---|---|---|---|---|
| Inland Canyons | Non-coastal canyons-properties identified with an "IC" on the City Zoning Map | To preserve important topographical features and/or habitat | -- | Zoning Ordinance Section 17.24.060 |
| Coastal Zone | The area on the ocean side of the Coastal Zone Boundary; Properties identified with a "CZ" on the City Zoning Map | To preserve and protect coastal resources | Coastal Development Permit | Zoning Ordinance Section 17.56.050 |
| Architectural | Properties identified with an "A" on the City Zoning Map | To signify a visually distinct district characterized by Spanish Colonial Revival architecture and a pedestrian orientation | Cultural Heritage Permit | Zoning Ordinance Section 17.56.020 |
| Planned Residential | Properties identified with a "PRD" on the City Zoning Map | To provide flexible regulations in order to foster innovation, variety, amenities, and a sensitivity to the natural topography | Site Plan Permit | Zoning Ordinance Section 17.56.040 |
| Special Residential | Single-family neighborhoods (zoned RL) with unique development standards, identified with a numbered overlay on the Zoning Map | Unique development standards established through the discretionary process for single-family neighborhoods | Tentative Map and/or Conditional Use Permit | Zoning Ordinance Section 17.56.060 |

*See Section 2.3 of the Appendix for special overlay district development standards.

### Growth Controls

A Growth Management Initiative, adopted as City Ordinance No. 922, was approved by the voters of San Clemente in 1986. The initiative was in response to a period of residential development which was perceived to adversely affect the capacity of City streets to meet traffic

demands, the capacity of parking facilities, the capacity of area schools, and the quality of life prevalent in the City, its sphere of influence and the region.

The purpose of the Growth Management Ordinance is to control the rate of residential development and provide time for the City to fulfill the changing needs for public services and facilities. The ordinance limits residential construction to a maximum of 500 units per year and establishes a competitive allocation process which rates the projects based upon impacts to, and the provision of, public services and facilities, as well as provision of a quality design that contributes to the public welfare and amenity.

The Planning Commission serves as a Residential Development Evaluation Board (RDEB), which awards points to projects and ranks them accordingly. The Board makes a recommendation to the City Council and the Council awards development allocations. Up to 500 allocations may be awarded annually. The annual allocation may be modified, however, to an amount not greater than ten percent more or less for any given year, provided that the annual allocation for the next succeeding year shall be set higher or lower, as the case may be, in order to redress any excess or deficiency.

During the several years prior to the adoption and implementation of the initiative, the City experienced an enormous amount of housing growth - an average of 859 dwelling units annually had been built. Since 1990, residential growth has slowed to an average of approximately 200 dwelling units per year. In 1999, however, 550 allocations were awarded (only 414 allocations were awarded the previous year) and in 2000 and 2001, 500 allocations were awarded each year. The Growth Management Ordinance is in effect until December 31, 2006, at which time San Clemente is expected to be nearly built out. As stated, the ordinance allows developers to apply for the allocations once they have their entitlements secured. In the case of Talega and Forster Ranch, the dwelling units allotted have not always been built in the following year. The developers are allowed to "bank" or accumulate the allocations up to five years in case the economy changes and the market is not ready to absorb new units. This can be evidenced in the coming year's projections of new Ranch units where there will be more than 500 dwelling units built based on previous years allocations that have been reserved. Between 2001 and 2006 an average of 800 units a year are projected to be built. Some of this increase is due to the 1,864 dwelling units to be built in the unincorporated territory of Talega which is not subject to Ordinance 922.

All new developments with five or more units must go through the allocation process. The allocation process is conducted annually, at a time selected by the City Council , but in no event later than 30 days following submission of the lists and recommendations of the Board. In order for a project to be a candidate for development allocations, all discretionary approvals for that project must be received prior to the annual deadline established by the City Council. If a project does not receive discretionary approval before the deadline, the developer must wait until the following year (even if there was less than 500 units allocated) to receive their development allocation. This process can cause delays and therefore, may increase the cost of

developing housing projects in San Clemente. However, the City Council's flexibility in setting the annual RDEB schedule each year has accommodated most projects undergoing discretionary review in the past. Because this ordinance was adopted by initiative, the City staff has no discretion in modifications to this regulation. Any amendments to the regulation are subject to a four-fifths vote by the City Council as long as the amendment is consistent with the intent of the ordinance. No amendments to the type of exemptions or to the number of available annual allocations shall be made without prior ratification of a majority of the voters of the city at a general or special election.

### Permit Processing

San Clemente has been a rapidly developing community. In the past, some projects were built prior to the provision of adequate public services with disregard for the City's "Spanish Village by the Sea" image. The City has developed review processes which evaluate projects for their impacts upon public services, the fiscal health of the city, as well as design quality.

All residential development is reviewed by City staff for zoning, building and fire code compliance prior to issuance of building permits. For most property in San Clemente, new residential development with fewer than five units is permitted by right, provided the project adheres to the allowed density and development standards of the zone. Since only a building permit is required, multi-family projects with fewer than five units are an excellent method to provide affordable housing in underutilized or in-fill areas of the City. For projects with five or more units, a Conditional Use Permit must be approved by the Planning Commission. The discretionary process allows the project to be reviewed for appropriateness, scale, architecture, design, and compatibility with the surrounding area.

Some residential projects, even those with fewer than five units, require discretionary approval by either the Planning Commission or the City Council. A Cultural Heritage Permit, approved by the Planning Commission, is required for: development of residentially zoned property, regardless of the number of units, within an architectural overlay district; development of single-family and duplex homes abutting any property that is on the City's list of Designated Historically Significant Structures or; any residential project of three or more units that lies within a 300 foot radius of any property that is on the City's list of Designated Historically Significant Structures.

For any project requiring the subdivision of land, in addition to the above mentioned discretionary approvals, a tentative map must be approved by the City Council. Additionally, any general plan amendments and zoning amendments must be approved by the City Council. For any project requiring review and approval by the City Council, all discretionary applications for that project are heard by the City Council, including those that would otherwise be heard by the Planning Commission. Processing times vary, depending heavily on the responsiveness of the applicant. Projects reviewed by the Planning Commission, including Conditional Use Permits and Cultural Heritage Permits, typically require between three to four months to process. Projects reviewed by the City Council, such as tentative parcel maps and tentative

tract maps, typically require between four to five months to process. General plan and zoning amendments typically require between five to six months to process.

Certain steps of the development process are required by State rather than local laws. The State has defined processing deadlines to limit the amount of time needed for review of required reports and projects. In an effort to provide an efficient permit processing system, the City has implemented the following time and cost saving developmental processes:

- Eliminated the Community Design Commission and combined the duties with the Planning Commission, which includes 2 architectural, landscape or planning professionals to the extent feasible.
- Located all City divisions involved in the permitting process- Planning, Engineering, Building, Public Works, Economic Development, Business Licenses, and Fire Authority, in one location.
- Appointed a Zoning Administrator to implement administrative approval for more routine projects.
- Facilitate pre-application meetings to ensure issues are identified early in the process and applications are complete prior to submittal for discretionary review.
- Housing staff assists non-profit agencies to determine feasibility of project and identify public financing sources.
- Processing fees can be reduced, postponed or supplemented with housing funds for affordable projects meeting City priorities.
- Encourages concurrent processing of applications

Planning processing costs are covered by developer fees, which are charged to cover the City's actual costs for processing the request. Because of the limited resources, the City does not offer fee waivers, although the City Council may approve a waiver or provide deferred, reduced, or supplement fees with housing funds from the RDA or In-lieu fee fund for affordable housing projects. The following selected Planning and Engineering permit fees are charged:

**Table 2-26**
**Planning and Engineering Selected Permit Fees***
**2000**

| Type of Fee | Cost |
|---|---|
| *Planning* | |
| Tentative Tract Map | $3,070 fee |
| Parcel Map | $2,670 fee |
| Cultural Heritage Permit | $ 405 fee |
| Conditional Use Permit | $1,350 fee |
| Environmental Review | $ 225 fee |
| | |

| Type of Fee | Cost |
|---|---|
| *Engineering* | $1,500 deposit |
| Final Tract Filing | |
| Water Acreage -existing areas | $2,388/acre |
| - undeveloped land | $3,156-$10,500/acre |
| Traffic Model | $250 + 25/d.u. |
| Sewer Connection (depending on location and if property is included in Sewer Assmt.District). | $4,928 -$ 8,800/d.u. |
| Storm Drain Connection (depending on location) | $600 - $5,633/acre |
| Regional Circulation Financing Program (depending on location) | $94 to $6,080/d.u. |
| Park Development Fee (depending on location) | $400 - $6,823/d.u. |

*Subject to periodic modification

### Enforce laws and codes

The City enforces the California Uniform Building Code which ensures that all housing units are built to specified standards. The code is substantially determined by the International Conference of Building Officials and the State of California. These codes are not considered a major constraint in developing affordable housing because they are uniform standards that apply throughout the region and the entire state. Compromising these standards to lower construction costs would produce substandard housing.

### Mitigating Opportunities for Land Use Controls

The land use control constraints described above reflect the myriad of environmental, economic and social issues that San Clemente addresses to ensure a balanced community. Facets of regulatory controls such as residential density designations, overlay zones, growth controls and inclusionary housing indicate an effort to allow continued growth while addressing the needs of the community and the environment. Since the Housing Element is but one of the 16 elements of the General Plan, it is unrealistic to expect all land use controls to be eliminated in the pursuit of housing. Rather, the use of mitigating opportunities to find a commonly beneficial solution allows consistency between all General Plan elements and their goals, objectives and programs.

Theoretically, governmental constraints could impose major barriers to the provisions of housing, especially for persons of lower-income and special needs. In practice, this has not been the case. San Clemente has experienced, and continues to experience, growth in housing for the above-moderate, moderate and lower-income households. In addition, the Inclusionary Housing Program requires housing for very low income persons to be addressed by every

project with over 6 units. San Clemente also provides subsidies and zoning concessions to non-profit housing corporations to make it feasible to build affordable housing on both in-fill lots and new apartment housing on Ranch properties. The recent housing boom and the resulting inflationary market makes it difficult to assess the degree to which current housing prices are due to constraints of the market. During 1998 and 1999, housing prices in San Clemente rose steadily, even though no new governmental constraints were imposed. One could deduce, therefore, that the market plays a major role in housing prices and major adjustments of governmental constraints is not warranted.

Nonetheless, there are some mitigating measures and opportunities that reduce the impacts of existing governmental constraints including development standards. To reduce the level of housing opportunity constraints imposed by the City's land use distribution, a density bonus ordinance was adopted. This density bonus ordinance (San Clemente Zoning Ordinance Section 17.24.070) allows a density increase of 25 percent over the otherwise maximum allowable residential density prescribed by the City's Zoning Ordinance and General Plan. In order to qualify for the density bonus, a developer must agree to construct either: 20 percent of the total units of a housing development for persons and families of lower incomes, 10 percent of the total units of a housing development for very low income households, or 50 percent of the total units of a housing development for senior residents.

To further address governmental constraints, the density bonus ordinance provides other incentives to developers of affordable housing, including: A reduction or modification of zoning ordinance development standards, a waiver of application fees, or other regulatory incentives or concessions proposed by the developer or the City which result in identifiable cost reductions.

To allow for smaller, affordable units, there are no minimum unit sizes except in the mixed use zone. The City is currently re-writing this zoning category to better accommodate housing and commercial use together. While there are minimum lot size requirements for each underlying residential zone, Planned Residential Development Overlays and Planned Unit Developments (provided for in the City's Specific Plan areas) have minimum lot sizes that are determined through the discretionary process. These measures, combined with the density bonus ordinance, work towards the removal of governmental barriers to the provision of affordable housing, especially on smaller properties.

In order to address the uncertainty that often accompanies development in special or sensitive areas, the City has adopted overlay districts. Since any residential development of five or more units within San Clemente requires a discretionary permit to review design components, the additional permit that may be required by an overlay district typically does not produce additional burden. By proactively identifying the extent of the special area with overlay districts, and identifying the mitigating measures for development, the overlay districts allow potential developers to incorporate these mitigation measures into the project early in the process.

The City's Growth Management Program has not shown to be a barrier to the provision of housing, rather it has reduced the risk of facility requirements interfering with expedient development permit processing. As with the declarations of the overlay districts, the extent of the facility needs and the responsibilities of the potential development are known early in the process, allowing them to be more easily accommodated. In terms of Ordinance 922, the RDEB allocations are distributed once a year. Virtually all of the residential projects subject to RDEB require subdivision maps as part of their discretionary entitlements. Before any of the dwelling units can be constructed, a final map and any necessary infrastructure improvement plans must be prepared and approved by the City. The preparation and approval of these documents can occur prior to the RDEB allocations. Typically, the time necessary to prepare a final map and improvement plans easily exceeds the maximum potential year's wait for RDEB allocation distribution. Additionally, projects within the Coastal Zone are required to obtain a Coastal Development Permit prior to construction as discussed elsewhere in this section. As with final map and improvement plan preparation, the Coastal Development Permit process can occur prior to RDEB allocations, and can take up to one year.

In terms of the amount of allocations distributed by the City Council to individual projects, the experience has been that the larger developers (e.g.., >150 dwelling units) obtain enough allocations to accommodate their overall phasing plans, especially given they typically bank some allocations from previous years' RDEB distributions. The smaller projects (e.g.., ranging from 6 to 122 dwelling units) have typically received all of their allocations in one RDEB distribution cycle. Therefore, the City's RDEB process does not delay phasing of residential development. Affordable housing projects receive bonus points within the RDEB ranking process, thereby strengthening the competitive edge for affordable housing projects.

Tables 2-12 and 2-13 present the RHNA figures for the City and Talega Unincorporated land. Section 5-1 in the Appendix includes build out projections for the entire City. As evidenced by these tables the City is able to accommodate the entire RHNA projections for housing needs in each income category. Recent analysis of past and future development projections with Talega has indicated that they will be building approximately 500 to 800 units a year. Because the unincorporated area is not limited by Ordinance 922, and the demand for housing is so strong within the City limits, all Ranch developers are building as quickly as possible. The ability to build more than 500 units a year is due to the accumulation of RDEB allotments. With the requirements of the RCFPP for road construction and payments established for water, sewer, and park infrastructure in advance of development, there are no public infrastructure needs delaying development.

### 2.612 Building, Electrical and Plumbing Codes

#### Constraints

There have been many revisions to the applicable building, electrical, plumbing, and mechanical codes since the last Housing Element update in 1989. The current construction codes in use within San Clemente are as follows: Uniform Building Code (1997 edition), National Electrical

Code (1996 edition), Uniform Plumbing Code (1997 edition), and the Uniform Mechanical Code (1997 edition).

The revisions to these codes have been in the interest of increasing safety of structures and improvements. In the process of adding regulations, the construction codes also added costs to the development of housing. The increased safety standards impose higher construction costs. In addition, the construction codes contain more requirements for certification by registered engineers and involve more complex plan preparation, raising development costs even further.

### Mitigating Opportunities

Since the constraining construction code revisions were put in place for increased safety, mitigation through reductions in standards is not desirable. There are other mechanisms, however, that can reduce the constraint of construction codes on the provision of affordable housing. Waiving application fees can offset the potentially added cost in plan preparation and review. There are certain types of housing, such as resident hotels, that are deemed to be commercial in nature and, therefore, have different standards. Also, multiple-unit buildings can take advantage of consolidated electric, gas and water meters, further reducing construction costs.

## 2.613 Code Compliance Programs

### Constraints

The City's Code Compliance Division can directly and indirectly produce constraints to the provision of housing, especially for lower-income households. One of the functions of Code Enforcement is the abatement of deteriorating housing and illegal housing units, usually in the form of garage conversions (also known as bootleg units). These housing units are typically rented for lower rates or converted by tenants, making them available to lower-income individuals. Although low income tenants inhabit these garage conversions, most of them are unsafe and unsanitary. The City considers it a danger to the inhabitants to allow the continuation of these dwellings. These actions usually account for a loss of ten substandard or illegal units per year. In addition to the garage conversions, some apartment units may have large units that rent out bedrooms as studio units. While these units are not typically reported, by eliminating these studio units some housing opportunities for lower-income households are diminished.

### Mitigating Opportunities

Currently the Code Compliance Division primarily responds on a complaint basis. Therefore, there are no current programs to proactively seek out and remove substandard or illegal units. By continuing this complaint-based response system, inoffensive illegal units can continue to provide housing opportunities for lower-income households. In addition, there are programs in

the Housing Element that can provide incentives for property owners to replace their substandard units with housing that is still affordable to lower-income households.

## 2.614 California Environmental Quality Act

### Constraints

Under the California Environmental Quality Act (CEQA), developments or actions defined as projects, unless otherwise exempted under specific CEQA guidelines, are required to undergo an assessment as to the impact the project will have on the environment. This assessment determines if a substantial or more detailed effort will be needed to assess the full impact or a determination that it will not have a significant impact. Developing rural areas, and environmentally sensitive areas that include wetlands are particularly sensitive to the impacts of urbanization. Assessment and mitigation of these impacts are sometimes lengthy and meticulous adding extra cost to the development. Identification of impacts that cannot be mitigated may preclude development altogether.

San Clemente has a substantial number of environmental constraints due to its sensitive habitats, coastal location and conservative approach to preserving its unique natural surroundings. These constraints may preclude, reduce, or in most cases, slow down construction of new housing in San Clemente.

### Mitigating Opportunities

CEQA provides opportunities for "tiering" environmental reviews. Projects that require a comprehensive review and assessment with an ensuing environmental impact report (EIR) often may contain specific mitigation measures to offset impacts. When a project requires multiple phases for completion, assessment and mitigation details can be included in the EIR. Subsequent phases of the development may preclude further general or detailed environmental review. This may lead to faster processing of projects after a master environmental review and assessment and mitigation of impacts is completed that can be utilized for subsequent EIRs.

Additionally, as an EIR may require mitigation measures for adverse impacts, new strategies to mitigate these adverse effects can be introduced. For example, a jobs housing balance is one strategy to reduce energy consumption and auto emissions by locating housing and jobs closer together. By creating a better mix of housing styles and types to create a greater range, and number, of housing units for the current and future employment population, one would place employment and housing closer together. A mitigating effect is created to conserve fuel, reduce emissions, and reduce traffic congestion.

## 2.615 California Coastal Act and Regulations

### Constraints

The California Coastal Act requires each local government lying wholly are partly within the State designated coastal zone to prepare a Local Coastal Program (LCP). While most of the

coastal zone is built out, the City anticipates re-use of underutilized sites, as well as regular development of the vacant lots situated in the coastal zone, therefore the City is proceeding to seek certification of an LCP. An LCP is divided into two parts: 1) A Land Use Plan, which establishes guiding coastal policies; and 2) an Implementation Plan, which includes zoning uses and standards adequate to carry out the goals and policies of the certified Land Use Plan.

While San Clemente does have a certified Land Use Plan, the City does not currently have a certified Implementation Plan. Therefore, in addition to local approval processes, development proposals within the coastal zone must also be approved by the California Coastal Commission. This additional process can add time and cost to a development proposal, and may act as a deterrent to developers of affordable housing.

Often, to protect coastal resources, significant changes or reduction in residential densities are required for the approval of projects in the coastal zone. These requirements may significantly affect production of lower income units in coastal zone areas.

### Mitigating Opportunities

Although the City's current coastal zone plan does not require low income housing as a provision of development (except to meet the Inclusionary Housing requirements), the replacement of low income housing is mandated by the Coastal Act and any demolition of affordable housing in the Coastal Zone will be replaced within 3 miles of it. Currently most of the City's existing low income housing stock is within the City's coastal zone and due to the in-fill lots surrounding the apartments, the City anticipates working with non-profit development organizations to purchase and rehabilitate some of the existing stock and keep it affordable for low income households. Preservation of existing apartment housing for very low-income households, in addition to new construction on vacant lots by non-profit agencies is supported by the City for coastal zone properties.

### 2.616 Article XXXIV – California Constitution

Section 1 of Article XXXIV of the California Constitution provides that no "low rent housing project shall be developed, constructed, or acquired by any state public body" until voter approval has been obtained. The election requirement of Article XXXIV could limit the participation of a public body in the development of low and moderate-income housing because of the delays, uncertainties and potential additional expenses associated with local elections. Fortunately, in the 1980's the City of San Clemente was included in an election held by the County of Orange to allow for the development of affordable housing. The item was approved by a majority of voters. Therefore, Article XXXIV is not a constraining factor in the develoment of affordable housing in San Clemente.

### 2.62 Market Constraints and Opportunities

There are three major financial constraints to affordable housing: land costs, construction costs, and financing. The City has a limited ability to influence these factors. There are few options

available to reduce development costs. It may be assumed that the typical development cost profile includes the following components:

- Land Acquisition - 30-35%
- Construction material and labor - 30-35%
- Professional costs - 20% - Architectural fees, development processing and permit fees
- Developer's overhead and profit - 10%

### 2.621 Cost of Land

#### Constraints

The price of land varies depending on location, improvements and use. The cost of land in San Clemente is a prime constraint in providing affordable housing opportunity. San Clemente contains a significant amount of land with coastal views, a premium that adds to the cost of land. In addition, location factors such as proximity to freeway access, public facilities, and intangible factors such as image and quality of life contribute significantly to the demand and price of land. The cost of improving the land, grading and added infrastructure also contributes to the final costs.

Residential land prices contribute significantly to the cost of new housing. San Clemente has a considerable amount of land located in hilly topography. The added costs of grading required as well as the additional engineering and improvement costs are greater as opposed to level land. Costs associated with land have traditionally contributed to around 30-35 percent of the final sales price. In Southern California the price of land and its preparation sometimes may be as high as 60 percent. In the past, land costs in San Clemente were less expensive in comparison to other Orange County cities. With fewer parcels left to develop in south Orange County, however, and with infrastructure costs escalating, only those lots with the infrastructure in place or accessible are likely to be built for low to moderate income families.

In 1997 and 2000 the City commissioned financial consultants to prepare a report of land sales to provide vacant land valuations of the city. The most comprehensive report completed in 1997 separated the City into 3 sectors, 1) Coastal, west of Interstate-5, 2) Inland, east of Interstate 5 to the first ridgeline, and 3) Inland, from the first ridgeline to the eastern City limits. The average cost of vacant land in the Coastal sector was $1.1 million an acre or $27.24 per square foot. The average cost in the 2nd sector was $507,000 an acre or $11.46 per square foot. The average cost in the eastern most area or 3rd sector was $157,880 an acre or $3.62 a square foot. The 2000 report included a sample of vacant land sales west of Interstate 5. Land sales were comparable in price to the 1997 sales prices. Although land sales were not surveyed in 2000 in Talega (sector 3), the company reports land prices to builders ranging from $500,000 to $1 million an acre. The greatest variable in land prices appears to be whether there is an ocean view, how close the property is to the ocean, and the size of the lot. Residential lot sizes were much smaller in the Coastal sector (4,000 to 8,000 square feet) as

compared to the custom home lots in Sector 2 (10,000 to 14,000 square feet). Sector 3 involves production housing on lots of approximately 6,000 square feet. The added value and price of land in San Clemente has severely limited market-rate financed construction for low-income households.

### Mitigating Opportunities

Land prices are generally determined in the market place. As such, the availability of non constrained developable acreage suitable for residential development is higher in areas closer to significant employment centers and areas with significant desirable attributes, i.e., coastal vs. inland. San Clemente has substantial acreage that matches these attributes. Land pricing is also a factor of yield or return. Land costs are determined on "how much", or yield of, development that can occur upon a specific property. This yield is a product of the General Plan Density which often determines housing product type, infrastructure or the amount of acreage needed for public improvements, net developable acreage and general market conditions.

Most developers and housing advocates immediately tie high density designations to the ability to provide affordable housing. However, the land costs are also tied to density, typically in a proportionate fashion: the higher the potential yield of a property, the higher the vacant land cost. While low density designations serve to keep the land cost as low as possible, the City's density bonus ordinance could allow higher density development for affordable housing.

Final land prices are determined by how much (if any) entitlement is secured for the land. This is important if the land is sold and currently undeveloped but has secured entitlement to build. Price can be affected by knowing there are considerations such as low income housing that need to be included in the project. This may affect the project pro-forma and the selling price of the property may be adjusted to compensate for this. Other techniques may be used to supply land at reduced prices. These include:

1. **Eminent Domain/Friendly Condemnation**
   To assure an adequate supply of housing in all income ranges, a city may choose to acquire suitable property to assure this need is met. Property acquired through friendly eminent domain proceedings is subject to fair market value but substantial tax benefits may accrue to the owner of the parcel. Property is acquired by this method through "friendly" negotiations which usually arrive at an equitable disposition and the property may be acquired at a below market price.

2. **Land Banking**
   Land could be acquired or purchased by the City that may not be currently used for housing but may be given entitlement at a future date. This land could be resold with entitlement to a non-profit developer at a reduced price to provide housing affordable to lower income households. Land may be accepted as an in-lieu contribution for an inclusionary housing requirement. Land purchased or contributed for the purpose of residential construction must be suitable for the appropriate density.

3. **Government/Public Land**

Surplus property that is owned by the City or another public entity can be acquired to provide potential housing opportunities for lower income households. Surplus property is then passed on to a developer at a negotiated reduced price in exchange for a requirement for more housing affordable to target income groups.

### 2.622 Cost of Construction

#### Constraints

Construction costs for materials and labor have increased at a slightly higher pace than inflation according to the Construction Industry Research Board. Labor costs have been reduced somewhat with the increase of non-union labor; however, materials and shipping costs have increased. The City utilizes the Building Standards Association construction costs for "good" construction to determine building valuations. In 2000, the following costs including labor, for good wood frame, single family and multi-family construction were determined.

**Table 2-27**
**Basic Construction Valuation for Residential Properties**
**San Clemente Building Division**
**2000**

| Building Area Cost/Sq. Ft. | Single Family Dwelling | Multi-family Dwelling |
|---|---|---|
| Living Space [Good Quality (wood frame)] | $86.50 | $76.60 |
| Garage Cost/Sq.Ft. (S.F.) | $22.70 | $22.70 |
| Carport Cost/Sq.Ft. (M.F.) | -- | $15.50 |

Using the above construction costs, the total cost for a 2,000 square-foot single-family dwelling unit with a 400 square-foot garage would be $182,080.00. The total cost for an 850 square-foot two-bedroom apartment with a 350 square-foot carport would be $70,535.00.

#### Mitigating Opportunities

A reduction in amenities and quality of building materials is a direct means of lowering construction costs. However, to prevent 'Not In My Back Yard' (NIMBY) attitudes and opposition often associated with affordable housing, City staff, developers, and the public strive for projects that "fit in" with their surrounding neighborhood. Costs of construction in this section refer to labor and materials. The typical labor rate for construction workers depends upon the level of skill associated with the job, whether it is union or not, and the availability of construction workers. Opportunities exist for reduction of costs associated with construction. These include, but are not limited to:

### 1. Factory Built Housing/Manufactured Housing

Using new technology, manufactured homes may represent new shelter opportunities in the low and moderate-income range. Some of the housing construction is conducted offsite and transported to the construction site. A fast growing alternative to onsite development, construction of flooring and framing is done in computer controlled factories and then transported onsite for assembly. Estimates on cost reductions using these methodologies may be as high as 30 percent. The City could encourage developers to take advantage of these types of programs. The product is identical in appearance to custom onsite stick-built single family or multifamily product.

Residential manufactured home developments (RMHD) are residential developments that have characteristics common to both multi-family and single-family neighborhoods. RMHD's are income producing properties as are multi-family complexes, but individual detached manufactured homes in the development are owner occupied. Home owners enter into a long-term lease with the partnership or corporation (which may be owned by the tenants) which manages and maintains community infrastructure. While RMHD's are typically pegged to area apartment rates, the lifestyle and density patterns are decidedly single-family in nature.

### 2. Development Standards

Development standards, either modified or as part of administrative policies, sometimes add extra cost because of additional materials required and extra labor. A significant reduction of costs from a modification or waiver of the standards can be attained and passed on to the savings of the unit for low-income housing.

### 3. Construction Management

Development of affordable and low cost housing is sometimes accomplished through special construction management techniques, including design-build projects. Companies that specialize in low cost housing utilize these special management techniques to cut costs. For low-income developments, these techniques can be required through affordable housing agreements.

### 2.623 Financing

Financing is a key component of housing development. Financing can be broken down into two key categories: takeout (construction), and permanent (mortgage). Construction financing is usually short-term in nature and is used for acquisition and development of property. Mortgage financing is the long-term financing of the project. This debt usually buys out the construction

financing and is serviced by income received from rents or sales. If financing, either takeout or permanent, is not available for any of the reasons listed below, new construction will not occur.

### Constraints

Recent developments in the banking and financing industry have had substantial impact on the development of both multi- and single family housing. Several recent events have had major effects on the supply of money that has traditionally been used to finance affordable housing.

The 1986 Federal Tax Reform Act substantially changed the rules for real estate investment with particular regard to multifamily construction. Recent legislation has reduced tax benefits normally associated with investment in multifamily development. This has had the effect of reducing the amount of money available for multifamily construction.

The 1989 Federal Savings and Loan Act restructured and added new regulations to the Savings and Loan/Thrift Banking Institutions. These changes limited (1) the amount of money that could be lent to one borrower, and (2) mandated extra capitalization reserves for all savings and loans as a ratio to money lent. (This has had an impact on the ability to acquire money for acquisition and development and for permanent financing.) Impacted the hardest were multifamily builders and small development (over 100 units) companies who usually only used one or two lending sources for their developments.

### Availability and Use of Public Financing

Funds that are available through Federal, State, and Local sources are referred to as public in nature. These funds are usually made available at below market (private) interest rates for purposes of providing low-income housing opportunities. These funds are very restricted in their use. With the decrease in private market financing for multifamily development, the demand for this financing has grown. Competition for these funds is high and availability is not always consistent.

The additional constraint to using government financing are the restrictions of use and a high administrative burden that sometimes accompanies these funds. Many cities have chosen not to compete for these funds as they do not have the administrative capability to manage them. San Clemente has two sources of funding, 1) the Redevelopment Agency Low-Moderate Income Housing Fund, and 2) the Developer's In-lieu Fee. The RDA funds are from the property tax increment and the In-lieu fee is paid by some developers with City approval, to meet their Inclusionary Housing requirement. The City also provides technical assistance to non-profit housing agencies to leverage these funds with other State and Federal funds.

### Rates

Although interest rates have dropped dramatically since the 1980's, they still have a substantial impact on housing costs, which is shared by renters, purchasers and developers. Interest rates affect not only the number of people who can afford to purchase a home, but also the ability of developers to build new housing. The cost of acquiring land for development is closely tied to the available mortgage rates. Table 2-28 - "Orange and LA County Mortgage Rates", below, shows the mortgage rates offered by several Southern California financial institutions, as of May 21, 2001

**Table 2-28**
**Orange and LA County Mortgage Rates***
**May 2000**

| Institution | 30 year fixed | 15 year fixed | 1 year ARM** |
|---|---|---|---|
| Home Finance of America | 7.13% | 6.63% | 6.13% |
| American Internet Mortgage | 7.13% | 6.63% | -- |
| GreenPoint Mortgage | 6.88% | 6.38% | -- |
| CMG Mortgage, Inc. | 6.63% | 6.13% | 6.00% |
| E-LOAN | 6.50% | 6.00% | -- |

*Source: Yahoo Finance and Investments – URL: http://biz.yahoo.com/b/r/mc_l.html May, 2001
**ARM=Adjusted Rate Mortgage

Table 2-29 "Money Rates" below contains the cost of funds by several governmental sources, as of May 22, 2001.

**Table 2-29**
**Money Rates***
**May 2000**

| Money Rates | |
|---|---|
| Prime Rate | 7.00% |
| Federal Funds Rate | 4.00% |
| 30 Year Treasury Bond | 6.98% |

*Source: Money-rates.com, Inc. – URL: http://www.money-rates.com/

### Mitigating Opportunities

Financing constraints may be overcome by several financial tools available to create more affordable housing. These tools include mortgage revenue bonds, public financing, Community Reinvestment Act, Redevelopment Set-Aside Funds and Community Development Block Grant Funds. These financing sources are described below.

### 1. Mortgage Revenue Bonds

These are bonds sold by the City to create a pool of money for subsidized mortgages. The bonds are serviced through a return rate on the mortgage or resold on the bond market. The up-front costs of issuing bonds are prohibitively expensive for a small issuing. To reduce the "up-front" cost of the issuance of a Mortgage Revenue Bond that will cover only a small amount of mortgages that a city may wish to offer, many cities have formed pools in

a cooperative effort to spread the up-front cost among several cities or housing authorities. Mortgage revenue bonds can be issued for multifamily or single family developments, but multifamily bonds have become less in demand and more difficult to issue due to recent changes in the tax code.

## 2. Public Financing

The State Housing and Community Development Agency, and HUD, offer construction, rehabilitation, and permanent financing as low as three percent to qualified applicants such as housing authorities or private not-for-profit developers. These funds are competed for based on participation of other funding sources and local need. A brief list of these programs is listed below:

Federally funded rehab and construction programs:

| | |
|---|---|
| Section 202 | Direct loans for elderly and handicapped housing. |
| Section 502 | Rural home ownership assistance. |
| Section 515 | Rural rental housing assistance. |
| Section 17 | Rental housing rehabilitation. |
| Section 317 | Rehabilitation loans. |

Housing and Community Development Act Block Grants.
HOME funds for acquisition, rehabilitation and new construction

State funded rehabilitation and construction programs:
Family Housing Demonstration Program (HCD)
Home Mortgage Purchase Program (CHFA)
Predevelopment Loan Program (HCD)
Rental Housing Construction Program (HCD)
Rental Housing Mortgage Loan Program (CHFA)
Self Help Housing (CHFA & HCD)
AB 665 (1982) Bonds ¬ Renter occupied construction
Funds authorized by the Mark-Furon Residential Rehabilitation Act and
SB 99 New construction
California Energy Conservation Rehabilitation Program
Deferred Payment Rehabilitation Loan Fund (HCD)
Home Ownership Mortgage Bond Program (CHFA)
Home Ownership Assistance Program (HCD)
Matching Down Payment Program (CHFA)
Natural Disaster Assistance Program (HCD)
Non Profit Housing Program (CHFA)
Farmworker Housing Grant Program (HCD)
Mobilehome Park Assistance Program (HCD)

State Legalization Impact Assistance Grant Program (HCD)
State/Local Multifamily Program (HCD)
Federal Emergency Shelter Grants Program (HCD)
Senior Citizen Shared Housing Program (HCD)

This list of financial assistance programs is not all-inclusive, and many programs may not have funding availability at this time. It is important that the City familiarize itself with the application process and availability of these funds.

## City Assisted Projects

The City has participated in a variety of affordable housing programs and projects, including the following:

a. Assisted private homeowners and non-profit agencies in pursuing Federal and State grants:
   1. Provision of 15 RDA loans to Shorecliffs Mobilehome Park low income residents in order to leverage State mobilehome park loans and grants -CHAP and MPROP.
   2. Provision of a RDA loan to match a Federal Loan from the HOME Program to allow the Mary Erickson Foundation to purchase three apartment buildings for households earning 50% or less than median income.
   3. Provision of a RDA loan to match a Federal Loan to allow Laura's House to build 6 units of transitional housing to graduates of their domestic violence program.

b. Pursued Federal loans for housing rehabilitation: the City has obtained over $600,000 in grants from the CDBG and HOME programs for an "in-house" Home Rehabilitation Program for both single and multi-family rehabilitation's. Over $400,000 in matching funds from private rental property owners have been combined with the public funds. This has increased the number of properties rehabilitated in the lowest income neighborhoods.

c. Participated in the County Mortgage Credit Certificate Program for first time homebuyers. This enables median income families to access financing for new and re-sale homes in San Clemente and receive a tax credit to provide more funds available for loan payments.

d. Provided RDA funds to non-profit agencies to set up Homeless Prevention Programs, Emergency and Transitional Housing Programs.

e. Provided RDA funds to a non-profit agency to run a Shared Housing Program linking low income people together to share housing costs.

f. Provided RDA funds to a non-profit agency to assist in the rehabilitation of their property housing very low income families.

Other ways the City can participate in public financing include:

- Encourage the private and non-profit sector to apply for tax-credits for constructing new affordable housing.

- Encourage pension fund investment in housing development either directly or through the secondary market.

- Seek technical assistance from Federal, State and County Housing Departments to become knowledgeable of new funding sources when they become available.

- Provide technical assistance to for-profit builders and non-profit agencies on how to seek public funding opportunities in order to increase below market rate housing .

- Support legislation to eliminate the State cap on tax-exempt mortgage bonds.

- Request that the State Department of Housing and Community Development provide cities with a computerized inventory of public housing funding opportunities.

- Support creation of a State-sponsored source of credit enhancement for bond-financing projects (e.g. letters of credit, mortgage insurance).

### 3. Community Reinvestment Act

The Community Reinvestment Act (CRA) of 1977 regulates community bank lending practices in lower income neighborhoods. A lender or insurer can not deny an applicant a loan solely based on location, nor can a lender use different underwriting standards within a market area. Under the CRA, banks must determine what the lending needs are in the community and provide special credit-related information programs to residents, in addition to providing loans to first-time homebuyers and households on fixed incomes, and meet refinancing needs of existing owners. In order to monitor lending practices, lenders are required to disclose the number, amount, and location of mortgage and rehabilitation loans they have made or purchased.

### 4. Redevelopment Set-Aside Funds

Currently State law requires that 20 percent of tax increment returns be set aside for low- to moderate-income housing. This is a good source of gap funding or equity positions the City may wish to participate in with qualified low-income residential projects.

### 5. Community Development Block Grant Funds (CDBG)

The City of San Clemente uses Federally entitled grant funds to support a wide range of services and programs that benefit the community's lower and moderate-income households. CDBG funds may be used for housing purposes in the acquisition of land using these funds and in the funding of rehabilitation and preservation programs. Over the past seven years the City has received over $800,000 in federal funds which has been leveraged with private funds to rehabilitate over 100 privately owned single family and multi-family properties providing housing to very low income households.

### 6. In lieu Fees

The San Clemente Housing Program requires developers of 6 or more units to provide a portion of their development as rental housing on-site, off-site, or through the payment of an in-lieu fee. Many small to midsize developments have opted to pay an in-lieu fee over the past several years. The City allows for this if there isn't land suitable on-site to build multi-family housing. Since 1996, $738,179 in fees has been paid. This is further described in Section 3, table 3-1. These funds are used to assist non-profit agencies to buy land or apartment buildings for the provision of long term affordable housing.

### 7. Summary of Constraints to Build Affordable Housing

Given the variety and complexity of affordability policies, program regulations and economic realities, most successful newly constructed projects have been financed with a combination of funds including State tax credits, federal funds, city redevelopment housing funds and in-lieu fees, bond financing and private financing. As we enter the new millenium, the greatest housing need, in the State as well as San Clemente, is for two, three, and four bedroom apartment projects affordable to families earning less than 50 percent of median income. These apartments are not being provided by for-profit developers unless a non-profit entity is a partner and the developer is able to receive tax credits or other government financing.

During the 1980's, affordable housing was built for mixed income groups in San Clemente. However, this approach did not result in any units for very low income families, as evidenced with the three San Clemente apartment projects constructed in the 1980's by the developers of the Marblehead Inland and the Rancho San Clemente areas of the City. At the time the apartment projects were constructed, the City's affordability requirements only mandated housing people earning 80%, 100%, and 120% of median income levels. Further, there were no financing vehicles from the State to provide housing to people earning less than 50% of median income or requiring a percentage of the new housing project to be for very low income households. The primary Federal programs to house very low income households in the 1980's were two project-based programs constructing housing for seniors (202 Programs), and families (826 Program), in addition to the provision of Section 8 housing vouchers. The project based programs were not widely used in Orange County like in the urban centers in the mid-west and east coast. Section 8 vouchers are intended to be used in market rate housing, but are only easily accepted when vacancy rates are high. Today, vacancy rates are at an all time low and it is nearly impossible for Section 8 holders to find housing in south Orange County. New tax credit projects require the developer to accept Section 8 holders. When the new USA Properties senior housing project and the Jamboree family project become constructed this will help the extremely low and very low income households find apartments locally.

The 1989 Housing Element revision remedied the lack of requirements for the very low income households by changing the Inclusionary Housing Program to require 7.5% of all new apartment

projects with 10 units or more to provide housing to households earning 50% of median income. Unfortunately, there have not been any new apartment complexes built with 10 or more units since 1989. While there were approximately 200 single family units built a year in the 1990's, the Inclusionary Program required 3.75% of the for-sale housing units to be built for very low income households, on-site, off-site or the payment of an in-lieu fee. Since the City had such a poor track record of keeping for-sale housing affordable, the in-lieu fee was a welcome alternative. As discussed in detail in Chapter 3, the City used these funds to help non-profit agencies acquire apartment complexes off-site. The 2000 Housing Element revision further defined the need for very low income housing as rental housing and deleted the inclusionary requirement to provide for-sale housing for the 50% - 120% of median income households. A compromise between the 3.75% for-sale housing requirement for very low income households and the 7.5% rental housing requirement for very low income households was made. The new inclusionary requirement allows for the developer of any project with 6 or more units to provide 4% of the housing as rental housing for very low income households by providing it on-site, off-site, or through the payment of an in-lieu fee. Talega will be the first Ranch development to provide land and fees for a 186 unit family apartment project for households earning between 40% and 60% of median income. Households with lower incomes will be able to use a Section 8 certificate to reside at the property.

### 2.63 Environmental Constraints and Opportunities

San Clemente is located at the southwestern tip of Orange County along the Pacific Coast. The City is bounded geographically by the foothills of the Santa Ana Mountains to the north, the San Mateo Creek to the east, the Pacific Ocean to the southwest, and San Juan Creek to the northwest. San Clemente faces many environmental constraints to the provision of housing. The General Plan identifies: natural and biological resources; topography; fire hazards; geologic, seismic, and soil hazards; and flooding, Tsunami, and marine hazards, all as environmental resources found in San Clemente. All of these environmental constraints have the potential to limit the extent of land developed as well as the cost of development.

The most common natural hazards in San Clemente include geologic, seismic, soils and fire hazards. Landslides, and potentially unstable slope areas are common within the City. Policies require geologic studies prior to any discretionary permit approvals of pertinent properties, in order to provide developers with early warnings as to the conditions which may later affect the permitting process as related to geologic, seismic and soil hazards.

Topography can be a key constraint to housing development, as it renders significant acreage in the city unable to be developed and contributes to land prices. The steepest slopes in the City tend to have more expensive housing, as construction costs increase proportionally with the slope of the land. The historic portion of town includes properties with more level building pads surrounding coastal canyons. Except for the development along the coastal bluff, most of the affordable housing in the City is contained within the historic section of San Clemente. There are, however, some large vacant relatively flat pieces of land that are yet to be developed.

These potential affordable housing sites are located in the Marblehead Coastal Development area, Forster Ranch and Talega community.

San Clemente contains numerous areas of native habitat, some containing endangered or sensitive species, as defined by the U.S. Department of Fish and Wildlife and the California Department of Fish and Game. The development of a preservation plan acceptable to responsible agencies would likely reduce costs and processing time for housing developments.

Climate factors such as drought conditions may constrain housing, both in construction and long term availability. When water reserves in a region drop and conservation becomes necessary as mandated in various stage alerts, construction grading becomes a low priority and is sometimes halted. This may push back scheduled construction and add additional costs to the provision of housing. Long term availability of water is allocated on a state and regional level and is sometimes beyond the purview of local municipal governments.

Water conservation efforts in developments that would significantly reduce water consumption rates may be included as an incentive for low cost housing for future housing developments. The use of water saving appliances and increased xerophytic landscaping that are consistent and compatible with the City's Landscape Standards should be encouraged with ties to incentives for low-income housing production. Xerophytic landscaping may be substituted for normal "lush" landscaping standard for low-income projects.

Water conservation would also be encouraged by requiring the use of reclaimed water for grading purposes during construction periods or by providing incentives for developments if water conservation fixtures and appliances are utilized in new construction.

Retrofitting of existing housing units with water conserving appliances or fixtures should be encouraged. During times of water alerts and shortages, retrofitting and the savings produced may allow residential development without a net increase in water consumption.

The Orange County Fire Authority (OCFA) is responsible for providing fire protection services to San Clemente. Wild land fires are inevitable and are a part of the natural regeneration cycle of the native California landscape. Developments which interface with lands designated as a fire hazard zone are required to provide a fuel modification zone to serve as a protective buffer between the development and the fire hazard zone. Continual maintenance of the fuel modification zone is required. The City also requires fireproof roof materials and sprinkler systems located inside all new developments.

The City complies with all State and Federal requirements for environmental review. These environmental requirements may increase development costs, but through mitigation measures, can be minimized while providing for environmental protection.

## 2.7 Summary of Preservation of Assisted Housing

Chapter 1451, Statutes of 1989, and Chapter 889, Statutes of 1991 amended Section 65583 of the California Housing Code requires local governments to revise their Housing Elements in order to include the analysis and programs for the preservation of assisted housing developments. The City Council adopted the Amendment for the Preservation of Assisted Housing as required by July 1, 1992. The Preservation Amendment includes the following components:

1. Inventory of units at-risk of losing use restrictions
2. Cost analysis of preserving at-risk units vs. replacing them
3. Resources for preservation
   a. Nonprofit entities capable of acquiring and managing at-risk projects
   b. Potential preservation financing sources and estimates of available funds
4. Quantified Objectives:
   a. Number of at-risk projects/units to be preserved
5 Programs: Efforts to preserve units at-risk of losing use restrictions.

The original Amendment of the Preservation of Assisted Housing is provided in the Appendix. This section provides a summary of the key elements of the preservation analysis and the changes which have occurred since the adoption of the Amendment in 1992.

***Background***

In the 1960s, the federal government provided various incentives to private developers through low-interest loans and rent subsidies administered by the Department of Housing and Urban Development (HUD) and Farmers Home Administration (FmHA). Owners who secured these subsidies entered into contracts with HUD agreeing to build or operate multi-family rental housing developments that reserved the units for lower income households as long as the projects participated in the federal programs.

In addition to these and other Federal loan programs, other financing sources and regulatory mechanisms have subsidized or required affordable housing. The inventory of assisted units includes those projects financed through multi-family revenue bond programs, redevelopment programs, local in-lieu fee or inclusionary programs, density bonus developments or other direct governmental assistance such as Section 8, project based programs.

The low-income assisted housing projects impacted by the Preservation Act in San Clemente during the ten year study period (1989-1999), were developed due to the City's Inclusionary Housing Program. Multi-family bond issues were the primary source of funding to reduce the cost of housing. Only one project in San Clemente, Casa de Seniors, was assisted by a Federal Program, Section 202, Direct Loans for Elderly or Handicapped. However, this project **is not** at risk during the ten year study period.

***Changes to the Inventory of At-Risk Projects***

In 1992, there were a total of 440 units at-risk of losing their affordability during 1989-1999. The properties were developed in accordance with the 1980 Inclusionary Housing Guidelines. The guidelines required one-third of the units to be rented to households earning 80% of median income, one-third of the units to be rented to households earning between 80-100% of median income, and one-third to be rented to households earning between 100-120% of median income. The requirements included the term of affordability to be 10 years. Because of San Clemente's souther-most location, rents have always been low compared to other cities in Orange County. However, due to the high inflation rate of the early 1980's rents had doubled from a median of $330 in 1980 to $710 per month in 1989. As inflation lowered, rents stabilized. By 1992, the effects of the recession caused rents to drop to an average of $650 in the center city. Due to market conditions and the higher income allowances of the 1980 Inclusionary Housing Program, market rents were actually lower than the rents allowed in the Inclusionary Housing projects.

As of 1998 the five projects, which were regulated by the City, have fulfilled their inclusionary requirements. This included, Marblehead-Lanesboro Apartment Project, Seacrest Apartments and Whispering Winds Apartments, Casitas Apartments, and Vista Pacifica (8 condominiums). A total of 432 apartment units and 8 condominiums units are no longer regulated by the City of San Clemente. However, since the property's rents were already less than or equal to the Inclusionary restrictions, the City had not really lost any "affordable units". It was determined in the Preservation Amendment that it would have cost the City approximately $36 million to preserve the affordability through a government financing program. The City did not have the adequate funds and the owners did not partake in any of the federal funding available through the County of Orange. The primary intent of City Redevelopment Housing Funds and In-lieu fees will be to subsidize non-profit developers to build new in-fill housing or acquire and rehabilitate existing market rate housing. This will enable the non-profit community development organizations to reduce rents and increase affordability for a minimum of 55 years for households earning less than 50% of median income.

# Evaluation of the 1989 Housing Element

The third chapter consists of the evaluation of the 1989 Housing Element and the progress of its proposed housing programs and housing ordinances. The evaluation assesses 23 policies and the programs developed to implement them between 1989 and 2000.

The State uses the following three criteria and definitions as the basis for assessing compliance with the law.

1. **Effectiveness:** A comparison of the actual results of the previous Housing Element with respect to its goals, policies and programs is conducted.
2. **Progress:** An analysis of the significant differences between the projected activities of the previous element and the accomplishments to date is provided.
3. **Appropriateness:** A description of how the goals, policies, and programs of the revised element incorporate the results of this evaluation is also presented.

An important component of revised housing elements is the evaluation of the previous Housing Element. It is important to determine if the needs have changed, if the policies are still important and if the programs were implemented and were effective. The criteria for evaluating the Housing Element were considered and revisions to the 1989 Housing Element are reflected in the new policies and programs listed in chapter 4.

## 3.1 Effectiveness

The goals and objectives in the 1989 Housing Element were appropriate to a community such as San Clemente, which had a growing housing stock in relatively good condition and a base of affordable housing. Two areas of concern were noted in the 1989 Housing Element: 1) the need for advertising the City's housing programs and 2) encourage the production of affordable housing. The section on Progress describes the steps taken to address these concerns.

The 1989 Housing Element organized the policies and programs into five categories: construction, rehabilitation, conservation, coastal, and administration. This assessment found the 1989 goals and policies to be substantially effective, and they formed the basis for the revised Housing Element. The primary change to the policies was the development of a new policy section for Affordable Housing.

### 3.12 Evaluation of Inclusionary Housing Program

In 1995, the City established the Housing Element Advisory Committee to evaluate the 1989 Housing Element to meet the State Housing Element update requirement for June 1996. Although the deadline was postponed, the City evaluated the Housing Element between 1989 and 1995 and the following conclusions were made. The 1989 Housing Element addressed the need for providing housing to households earning 50% - 120% of median income, however, because of the recession of the early 1990's there was no new development of housing on Ranch properties requiring Inclusionary Housing between 1989 and 1995. Inclusionary requirements had been met

by Ranch development built between 1989 and 1994, with the construction of apartment projects in Rancho San Clemente and Marblehead during the mid 1980's.

After reviewing the Inclusionary Housing Projects remaining in the program, two items were noted: 1) the For-Sale Inclusionary Units were not successful in providing affordability for the term desired (10 years), and 2) no housing had been provided for very low income households earning up to 50% of median income through the Inclusionary Program between 1989 and 1995.

Only one project had been built selling housing with inclusionary income restrictions. In 1986, one-hundred townhomes in Vista Pacifica were required to be sold to households earning between 80% and 120% of median income for a period of 10 years. Only 8 units remained in the project for the term of affordability required. The problem resulted from the pricing formula producing maximum allowable payments which were at market rate or higher than market rate. For-sale units were not priced competitively with comparable market rate homes sold without resale restrictions. Because of the clause providing for a 6 month duration of time to market and sell the homes, all homes that were not sold during this time period were released from their obligations to the Inclusionary Housing Program.

The Inclusionary Housing Rental Program was more successful. All of the inclusionary rental units - 238 apartments, remained income and rent restricted according to the guidelines of the program at the time of development. Unfortunately, the apartments were built before the 1989 Housing Element revisions were adopted, therefore, the apartment restrictions were limited to 80%, 100% and 120% of median income households. Due to the low inflation rate and low rental rates in San Clemente, the inclusionary rental rate restrictions were higher than market rates. The 1989 Inclusionary Program identified this problem and restricted all new inclusionary rental units to provide housing for 50% and 80% of median income households. However, there have been no new apartments built with 10 units or more since 1986, and therefore, no inclusionary apartment units have been provided for households earning 50% of median income.

Because of the postponement of the 1996 Housing Element update, San Clemente's 1996 update was not adopted. However, the review of the Inclusionary Housing Program led to the implementation of an in-lieu fee program which has helped to address the very-low income housing needs as development commenced with the improving economy in 1996. The In-lieu fee is discussed in detail in Chapter 4.

Since 1996 development has surged in San Clemente with 346 units (identified in the table below) required to provide in-lieu fees instead of providing inclusionary units on-site. The payment of in-lieu fees of $738,179 was made by several new projects constructed in Rancho San Clemente, Forster Ranch and one project downtown, between 1996 through 2000. The following table describes the development, the total number of units built between 1996 and 2000 requiring inclusionary housing or the payment of fees, the total inclusionary requirement (15% of the total number of units, 3.75% for very-low income units), and the total in-lieu payment made. The inclusionary requirement provides for two options depending on whether the project is a for-sale project or for-rent project, 1) 15% of the units are to be set aside for-sale or for-rent by households earning between 50% and 120% of median income, the inclusionary units may be provided on or off-site depending on the project, or 2) the payment of an in-lieu fee or a

combination of a donation of land and fees may be provided instead of building the affordable dwelling units. The in-lieu fees are earmarked for the development of rental housing for households earning 50% or less than median income. The following Ranch projects were allowed to make an in-lieu fee payment based on 1% of the construction value of each home built due to the unfeasibility of providing affordable units on-site. In the case of the one small, high density project in the Pier Bowl, the land value of the project was too great to be economically feasible for the developer to provide four of the units to be sold within the Inclusionary Program. It was deemed more valuable to have in-lieu fees collected which would be help pay for new construction of a very low income rental project downtown.

**Table 3-1**
**Inclusionary Housing**
**Requirements and In-lieu Fees Collected**
**1996-2000**

| **PROJECT** | **Total Units Constructed** | **Total * Inclusionary Units Required/*Total VeryLowIncome*** | **Total In-lieu Fees Collected** | **Average Payment/ Very-low income d.u.** |
|---|---|---|---|---|
| Hovnanian Rancho S.C. | 43 | 7/*2* | $146,286 | $73,143 |
| Plaza Pacifica Rancho S.C. Watt/Rich.Amer. | 162 | 24/*6* | $347,300 | $57,883 |
| Monarch/Alisal Forster Ranch | 56 | 8/*2* | $57,120 | $28,560 |
| Greystone Naples–ForsterRanch | 62 | 9/*3* | $123,730 | $41,243 |
| Vista Pac.Villas Downtown | 23 | 4/*1* | $63,743 | $63,743 |
| **TOTAL** | 346 | 52/***14*** | $738,179 | $52,910 |

* Total Inclusionary units amounts to 15% of total constructed and 3.75% very-low income based on 1989 requirements.

A total of $670,000 out of the $738,179 collected have been used for two very low-income family rental properties to date. The City Council acting as the Redevelopment Agency agreed to loan $670,000 to the Mary Erickson Community Housing to purchase a four unit building at 143 W. Marquita and an 8 unit apartment building at 150-152 W. Escalones. The buildings are owned by a non-profit organization and will be affordable for the life of the project. The goal is to have 14 very-low income units subsidized by the $738,179 collected.

## 3.13 Evaluation of SCAG/RHNA Housing Needs 1989-2000

As discussed above, new housing development which occurred in the Ranch Properties between 1989 and 1994 had met their Inclusionary Housing requirements with the development of apartment complexes built in the 1980's. The following table identifies the housing units that were constructed by income category, between 1989 and 2000, based on the SCAG/RHNA housing needs projected in 1989.

### Table 3-2
### Evaluation of Regional Housing Needs Assessment
### 1989-2000

| Income Categories % of Med.Income | SCAG/RHNA Projections 1989-1994 | % of Total | New Housing Units By Income 1989-2000 | % of Total |
|---|---|---|---|---|
| Very Low 0-50% | 502 | 15% | 63* | .6% |
| Low 51-80% | 748 | 23% | 616** | 19% |
| Mod. 81-120% | 725 | 22% | 1,036*** | 57.4% |
| Upper 120% + | 1,262 | 40% | 494**** | 23% |
| **Total Dwelling Units** | **3,237** | **100%** | **2,209** | **100%** |

*Conversion of existing apartment bldgs. to non-profit ownership (29 du), 15 Mobilehome ownership conversion loans, 2 privately owned apt.bldgs. with 19 units. (Non-Profits incl. MECH, Laura's House, Henderson House)

** New Multi-family development reported by State DOF

*** New attached& detached single family development (less 23% for upper income)

**** New detached single family development for top 23% of wage earners in SC

Due in part to the devaluation of housing brought on by the recession, Measure B, the Managed Growth Ordinance No.922, and other market constraints to building housing, the housing projections made in 1989 were not met during the five year time frame established by SCAG, nor over the last ten years. A total of 2,146 new dwelling units were built between 1989 and 2000 and 63 dwelling units were converted to affordable housing for households earning less than 50% of median income. Several assumptions were made as to how these units were distributed by income category. Twenty-nine units in 7 properties were purchased by non-profit organizations for the provision of below market housing for very low income families, 2 privatedly owned properties with 19 units received substantial rehabilitation loans which will be forgiven in exchange for 10 years of affordability, and the RDA provided 15 loans to qualified homeowners to assist the purchase of their property in the conversion of the Shorecliffs Mobilehome Park. No other very-low income product was built. Housing for low income households was categorized as provided by the multi-family in-fill development. Multi-family development downtown has traditionally housed low income families. The top 23% of San Clemente's households are categorized as upper income as reported in the 1990 census, therefore 23% of new development was projected to be occupied by upper income households. Moderate income makes up the majority of the population in San Clemente as represented by the balance remaining, 1,036 single family dwelling units. This was calculated by taking the total of 2,209 units less the totals from the very low income (63 units), low income (616 units) and upper income (494 d.u.). The distribution is an

estimate based on historical development in the City and 1990 Census data, not actual income survey's of households.

## 3.2 Progress

In October, 1991, a Housing Coordinator was hired to develop and implement a housing strategy. The adoption of the Housing Strategy in June, 1992 facilitated the implementation of the policies established in the Housing Element and met the housing requirements of the Redevelopment Agency.

The following steps were taken to implement the 1989 policies:
1. Adoption of the Housing Strategy
2. Adoption of the Amendment for the Preservation of Assisted Housing
3. Adoption of the Redevelopment Agency Five Year Implementation Plan

**The Housing Strategy consists of three components:**

1. ***Neighborhood Revitalization*** - Two new programs were implemented, the Neighborhood Pride Program and Home Rehabilitation Program. The Neighborhood Pride Program consists of public education, increased code enforcement and special clean-up projects. The Home Rehabilitation Program provides loans and grants from the Federal Community Development Block Grant and HOME programs to rehabilitate owner and renter occupied properties. City staff administer the program.
2. ***Redevelopment Agency Affordable Housing Program*** - The program establishes the priorities for the use of the RDA Low and Moderate Income Housing Funds. The highest priority is to utilize funds to assist with non-profit organizations to acquire, rehabilitate or construct new housing units for households earning 50% of median income or less. The second priority is to implement neighborhood revitalization programs. The third priority is to implement housing support programs
3. ***Inclusionary Housing Program*** - Enforces the program guidelines requiring all new developments over 10 units to provide 15% of the units affordable to households earning between 50% and 120% of median income, depending on the type of affordable units provided. If rental units are provided then 15% of the total are to be affordable to households earning 50% and 80% of median income in the new rental developments. If For-Sale housing is provided, then a proportionate share of 15% of the housing is to be affordable to households earning 50%, 80%, 100% and 120% of median income. Recommendations for revision to this program are included in Chapter 4.

### 3.21 Accomplishments

1. ***Neighborhood Pride Program*** **-** The program identified 3 target areas with over 1,700 properties which could benefit from a variety of city programs, code enforcement and clean-up. Direct mail, community meetings and public presentations of the program were utilized to inform and educate the public of codes, housing and public safety programs. In addition, a volunteer code enforcement program has been implemented, a street sweeping program has begun, additional street lighting has been added, small public works projects have been carried

out, a number of clean-up events took place, and Neighborhood Pride/Neighborhood Watch meetings have been held.

2. ***Home Rehabilitation Program*** - The Home Rehabilitation Program began in 1993 and has completed 98 projects over 7 years. A total of 67 apartment buildings and 31 owner occupied properties have been rehabilitated. Properties are notified of the program through direct mail, the City's Web page, quarterly magazine, Neighborhood Pride Newsletter, flyers provided at public locations, and word of mouth by the City's Realtors and satisfied customers.
3. ***Housing Support Programs*** - The City supports non-profit housing programs with Redevelopment Housing Funds to provide services to the special needs populations. Family Assistance Ministries runs the Homeless Prevention Program, CSP Youth Shelter operates a shelter and counseling program for youth in need, Henderson House provides a transitional housing program for previously homeless single adults, and Laura's House, provides a domestic violence shelter, a transitional housing program and walk-in counseling center for women and children. A shared housing program had been operated by the South County Seniors until 1999 when the County of Orange decided to discontinue funding the program due to low productivity and inadequate funding. The City had been providing small grants over the past seven years, however, it also concluded that productivity was decreasing each year and that shared housing could be carried out on an individual basis through the case management program.
4. ***Implementation of the Redevelopment Housing Strategy*** - In addition to the RDA's financial assistance of four housing support programs, and the payment of the salary of the Housing Coordinator and contractural assistance from USE Community Services to the Home Rehabilitation Program, the RDA has provided funds for five housing projects. The first project assisted financing 15 loans to low-income mobilehome owners to purchase their lots in the Shorecliffs Mobilehome Park. Fifteen deferred loans (at $25,000 each with a 3% simple interest rate) were provided to ensure that housing costs remained affordable to the purchasers of the lots. Ownership of the lots will allow for housing costs to be stabilized and provide for the long-term affordability of the properties. The RDA loans are assumable for a period of 15 years.

   Four projects were financed with RDA and In-lieu developer's fees to provide housing for very low income families. These funds were leveraged with federal funds and private bank loans. Three projects are owned by Mary Erickson Community Housing (MECH)and one by Laura's House. The MECH projects included the provision of a $100,000, 0% deferred loan and a $125,000 grant to assist in the acquisition and rehabilitation of an 8 unit family apartment building on W. Canada. In addition, the provision of a $175,000, 0% loan for the purchase of a four unit building on W. Marquita and the provision of $608,000, 0% deferred loan for the purchase of a 8 unit apartment building on W. Escalones were granted by the Redevelopment Agency. The W.Escalones project has severe health and safety problems and will be torn down and re-built providing 7 large family units. New construction will be financed with Federal, City and private loans and donations. Laura's House was granted a $400,000, 0% deferred loan to purchase a vacant mixed use site to build a combination office, day care and transitional residential project with six dwelling units to be built on the second story. Both the W. Escalones and Laura's House project are in the planning process for conditional use approval. The projects are expected to be constructed during 2001-02. All units are required

to provide long term affordable housing for very low income families for the life of the projects.

## 3.3 Appropriateness of Policies and Programs

The Housing Strategy programs were developed since the adoption of the 1989 Housing Element. The programs have been successful at meeting the goals and policies of the Housing Element. As presented in Chapter 4 some of the policies have been revised where redundancy occurred or they were no longer considered needed. The main area of change was the addition of affordable housing policies, and the revision of the Inclusionary Housing Program. The following table describes the implementation of these policies.

## Table 3-3
## 1989 Housing Element
## Evaluation of Policies and Implementation Programs

**POLICIES FOR CONSTRUCTION**

| | DESCRIPTION | IMPLEMENTATION PROCESS 1989 –2000 |
|---|---|---|
| 1 | Encourage exploration and evaluation of innovative construction techniques, codes and materials that will facilitate production of affordable housing. | The City has adopted the 1997 Uniform Building Code. Building staff meet monthly to discuss new techniques and attend training seminars regularly. |
| 2 | Insure the quality of existing and proposed residential areas and promote a sense of community integrity throughout the City. | The City has adopted updated Specific Plans and design guidelines for Ranches. The General Plan was adopted in May, 1993. An Urban Design Element was included. The Mills Act was adopted which provides financial incentives for preservation of historic properties. |
| 3 | Encourage the location of below market rate housing to be distributed and to be accessible to public transportation, shopping, and employment. | The General Plan update addresses this policy under circulation and Land Use. The Zoning Ordinance Ph.1 was updated and was approved in Feb.1996. Ranch Specific Plans implement this policy as well. |
| 4 | Participate in Federal, State, and County housing assistance programs. | The City participated in the Federal Mortgage Credit Certificate Program (3 loans), Section 8 Certificates and Vouchers (160 households), CDBG, and HOME programs. Funds from the HOME program can be used for new construction, acquisition and rehabilitation. |
| 5 | Encourage the construction of affordable housing through a variety of programs (including inclusionary housing, density bonus, and other program incentives). | The City received payment of In-lieu fees from several market rate developments. Fees were used by non-profit organizations to purchase existing apartments and land for construction of below-market rate housing. |
| 6 | Insure that the development of second units will not negatively impact single family residential areas. | The City is consistent with State Law in allowing the construction of a "Granny Unit" on any property with 3 garages if they can meet the lot standards. |
| 7 | Facilitate and assist in the development of potential infill and redevelopment sites for housing. | Phase II of the Zoning Ordinance will address standards of development for existing vacant infill lots. The City has adopted a 5 year Redevelopment Plan and anticipates most of the affordable housing to be built outside of the Redevelop. Area due to the |

| | |
|---|---|
| | limited vacant lots. |

## POLICIES FOR REHABILITATION

| | DESCRIPTION | IMPLEMENTATION PROCESS 1989-2000 |
|---|---|---|
| 8 | Continue to promote rehabilitation of substandard and deteriorating units. | The City has taken over the administration of the Housing Rehab. Program from the County. A total of 31 owner occupied units and 67 rental properties have been rehabilitated by the City since 1990. In addition, through the implementation of the Neighborhood Pride Program identification and repairs of deteriorated units are carried out through the Code Enforcement Program. |
| 9 | Encourage the modification of existing units to meet the needs of elderly and physically disabled households. | The City is consistent with the Federal Law under the American Disability Act. New construction requires compliance with the ADA law. |

## POLICIES FOR CONSERVATION

| | DESCRIPTION | IMPLEMENTATION PROCESS 1989-2000 |
|---|---|---|
| 10 | Preserve existing mobile home parks within the City to take advantage of the potential of mobile homes as lower priced housing market options. | The City Redevelopment Agency provided 15 loans to very low and low income senior households to purchase their lots in the Shorecliffs Mobile Home Park. |
| 11 | Closely monitor the condition of San Clemente's housing stock for early detection of deterioration. | With the administration of the Home Rehabilitation Program by the City, the condition of the housing stock is monitored on an annual basis. Deteriorated properties are identified and owners are notified of the programs available to them. |
| 12 | Ensure an adequate level of community facilities and municipal services in all community areas. | General Plan makes these issues a priority, the Parks and Recreation Master Plans identifies sites and services, Community Development works with OCTA on transportation needs. |
| 13 | Promote the continued affordability of low and moderate housing to condominiums when vacancy rates are low to insure adequate supply of low and moderate income housing. | The City's Condominium Ordinance limits conversion of apartments when vacancy rates are below 10% |
| 14 | Discourage the conversion of existing apartment units to condominiums when vacancy rates are low to insure supply of low and moderate income housing. | The City's Condominium Ordinance limits conversion of apartments when vacancy rates are below 10%. |

| | | |
|---|---|---|
| 15 | Preserve affordable housing in the coastal zone. | The City complies with the State Coastal Zone law. The CDBG target area is in the coastal zone. The majority of housing rehab. loans are in this area. Rental properties have regulatory agreements regulating the rents to keep properties affordable. |

## POLICIES FOR ADMINISTRATION

| | DESCRIPTION | IMPLEMENTATION PROCESS 1989-2000 |
|---|---|---|
| 16 | Implement and review the Housing Element to provide for the planning, development and maintenance of housing activities. | The City has hired a Housing Coordinator to implement the housing policies and develop housing programs to meet the goals of the Housing Element. |
| 17 | Ensure public participation occurs throughout the Housing Element planning and implementing activities. | Public review of all funds spent on housing programs is carried out at the annual City Council Public Hearing for CDBG funds and at other Council Meetings. Public discussion of housing programs is held at monthly Human Affairs Forums and Neighborhood Watch/Pride meetings. |
| 18 | Explore the designation of a single entity for Housing Element planning and implementing responsibilities. | The City has hired a Housing Coordinator to implement the housing policies. |
| 19 | Maintain the image of San Clemente as a Spanish Village by the Sea. | This is a policy in the Land Use Element and Urban Design Element of the General Plan. |
| 20 | Promote fair housing practices throughout San Clemente. | The City complies with the State and Federal Laws. The City provides free mediation services to settle disputes through CSP, Inc.. The Housing Coordinator has sent all apartment owners with 10 unit buildings or more a summary of the ADA law as it relates to rental property owners. |
| 21 | Encourage compliance with Federal and State laws requiring compensation and relocation assistance to households who are displaced. | The City complies with State and Federal laws and has specifically carried out relocation as required by the acquisition of the W. Canada Apt. building by Mary Erickson Community Housing. |
| 22 | Inform the public about housing programs available in the City. | Information has been distributed through the City's Web site, Municipal Report, Neighborhood Pride Newsletters, Neighborhood Watch meetings and Monthly Human Affairs Forums. |
| 23 | Encourage the transition of persons from homelessness to permanent housing. | The City has funded Family Assistance Ministries, Henderson House, Laura's House, Toby's House and the Shared Housing Program. Through downpayment assistance to Non-Profit Organizations, the conversion of dilapidated apartment buildings to house very low income households (35% -50% of median income); homelessness will be lessened. |

# Goals, Policies and Programs

## 4.1 Introduction

This chapter presents the goals, policies and programs of the Housing Element. The strategy is to present a balanced and diverse array of policies and programs to meet the goals set by the Housing Element. The policies cover five areas of concern: Construction, Rehabilitation, Conservation, Administration and Affordable Housing.

## 4.2 State Housing Goals

Goals give long range general guidance to the City's Housing Program. The California State Legislature established the housing goals as part of the State Housing Law for Housing Elements in Article 10.6, Section 65580 of the Government Code. The following State goals guided the development of the City's housing goals.

1. The availability of housing is of vital statewide importance, and the early attainment of decent housing and a suitable living environment for every Californian, including farm workers, is a priority of the highest order.

2. The early attainment of this goal requires the cooperative participation of government and the private sector in an effort to expand housing opportunities and accommodate the housing needs of Californians of all economic levels.

3. The provision of housing affordable to low and moderate income households requires the cooperation of all levels of government.

4. Local and state governments have a responsibility to use the powers vested in them to facilitate the improvement and development of housing to make adequate provision for the housing needs of all economic segments of the community.

5. The legislature recognizes that carrying out this responsibility, each local government also has the responsibility to consider economic, environmental, and fiscal factors and community goals set forth in the general plan and to cooperate with other local governments and the State in addressing regional housing needs.

## 4.3 City of San Clemente Housing Goals

The following four City housing goals were included in the 1989 Housing Element and updated in the 1996 review and presented for adoption in 2000:

1. To provide opportunities for a decent home in a healthy living environment for all households in the City of San Clemente as stated in the National Housing Acts and by the California State Legislature.

2. To insure that residential land uses properly relate to other land uses to form a functionally integrated and economically balanced community.

3. To insure an overall high degree of residential quality, maintenance, and rehabilitation, where needed, throughout the community.

4. To provide a supply of housing that offers a variety of housing opportunities, including for-sale and rental units, to accommodate a diverse population and all economic segments.

## 4.4 Policies

In order to translate goals, which are general and long term, into more specific guidance, a series of policies from the existing Housing Element were reviewed and revised. In addition, new policies were developed to provide more guidance for the affordable housing program. The policies are grouped into five sub-sets: construction, rehabilitation, conservation, administration and affordable housing. Following the list of policies, a section on the implementation of the goals and policies is provided under program implementation.

### 4.41 Policies for Construction

1. Encourage exploration and evaluation of innovative construction techniques and design standards, codes and materials that will facilitate production of affordable housing.

2. Ensure the quality of existing and proposed residential areas and promote a sense of community integrity throughout the City.

3. Encourage the location of below market rate housing to be distributed throughout the city and to be accessible to public transportation, shopping, and employment.

4. Participate in Federal, State, and County housing assistance programs.

5. Encourage the construction of affordable housing through a variety of programs (including a non-profit grant and loan program, inclusionary housing, density bonus, and other program incentives).

6. Allow for the development of second units in a manner that will not negatively impact single family residential areas and yet provide affordable units for seniors or their caretakers.

7. Facilitate and assist in the development of potential infill and redevelopment sites for housing.

### 4.42 Policies for Rehabilitation

8. Continue to promote the rehabilitation of substandard and deteriorating housing units. Develop new financing opportunities for the rehabilitation of deteriorating units housing low income households.

9. Encourage the development and modification of residential units which are accessible to elderly and physically disabled persons.

10. Closely monitor the condition of San Clemente's housing stock for early detection of deterioration.

### 4.43 Policies for Conservation

11. Preserve affordable housing in the coastal zone.

12. Preserve existing mobile home parks zoned for residential use to take advantage of the potential of mobile homes as lower priced housing market options.

13. Discourage the conversion of existing apartment units to condominiums when vacancy rates are low to insure supply of low and moderate income housing.

### 4.44 Policies for Administration

14. Continue the implementation of the Housing Program to provide for the planning, development and maintenance of housing activities.

15. Ensure public participation occurs throughout the Housing Element planning and implementing activities.

16. Promote fair housing practices and work with the Fair Housing Council to assure the right of all people to freely choose where they want and can afford to live.

17. Encourage compliance with Federal and State laws requiring compensation and relocation assistance to households who are displaced.

18. Inform the public about housing programs available in the City.

19. Encourage the transition of persons from homelessness to permanent housing.

20. Encourage the development and improvement of housing support services so they may better reach the special needs populations.

21. Encourage the provision of recreation facilities and/or open space within multi-family developments.
22. Encourage the provision of congregate housing and assisted living facilities for special needs populations.

23. Encourage the establishment of neighborhood associations and professional property management of smaller apartment complexes.

### 4.45 Policies for Affordable Housing [1]

24. Support innovative public, private and/or non-profit efforts in the development and financing of affordable housing, particularly for households earning less than 50% of median income, the elderly, large families, the physically impaired, and single parent households.

25. Encourage the expansion of the affordable housing stock through construction, acquisition and conversion of existing properties for very low income and special needs households to meet unmet housing needs in the city.

26. Support the conversion and rehabilitation of dilapidated and high vacancy apartments and motels suitable for below market rate housing.

27. Support affordable housing projects with available city, state and federal housing funds which allows for the payment of rent to be equivalent to 30% of household income for households earning less than 50% of median income whenever feasible.

28. Assist the continued affordability of Inclusionary and publicly funded housing units at-risk of losing their restrictive housing requirements when feasible and prudent. Support the provision of financial incentives to develop and/or preserve affordable housing.

29. Support the acquisition, renovation, and ownership of below market rate housing by non-profit agencies.

30. Promote the requirement of affordability for publicly funded housing projects to be for the longest feasible time.

31. Ensure that inclusionary units and properties receiving In-Lieu Housing Funds meet their project's rent and income requirements through annual program monitoring.

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[1] Affordable Housing refers to government subsidized or assisted (through incentives) below market rate housing regulated by a rental agreement for very-low income households earning 50% (60% tax credit limit) or less than median income where housing costs are no greater than 30% of household income according to government regulations.

32. Complete a periodic review of development and other city fees to determine which fees could be deferred, reduced or supplemented with Housing Funds to reduce costs for development of new housing and/or the provision of non-profit housing for households earning below 50% of median income.

## 4.5 Program Implementation

This section describes the policies and related programs which will implement the policies. Each policy may have one or more programs related to its implementation. Some of the programs are undertaken by City staff and some are administered by the County of Orange. The policies identify the program action, responsible agency, financing, and schedule, detailing the progress toward implementation .

### 4.51 Construction Programs

**Policy 1**
Encourage exploration and evaluation of innovative construction techniques and design standards, codes and materials that will facilitate production of affordable housing.

Program Action: Investigate new housing techniques, including courtyard housing, Single Room Occupancy (SRO) and other techniques and design standards; examine the feasibility of amending City codes to accommodate new construction methods.
Responsible Agency: Community Development Department/Building Division
Financing: City General Fund, Redevelopment Agency Low-Mod Housing Fund
Schedule: Bi-monthly Building staff training of new products and code interpretations; every three years Bldg. Code update, 2001 next update

**Policy 2**
Ensure the quality of existing and proposed residential areas and promote a sense of community integrity throughout the City.

Program Action: Review, upgrade, and maintain City codes, ordinances, regulations and development standards. Ongoing implementation of General Plan.
Responsible Agency: Community Development Department
Financing: City General Fund
Schedule: Annual review and modification as necessary. Revision to General Plan to begin 2001-02.

**Policy 3**
Encourage the location of below market rate housing to be distributed throughout the city and to be accessible to public transportation, shopping, and employment.

Program Action: Continued implementation of General Plan and Zoning Ordinance Update Phase II. The Redevelopment Agency Housing Strategy calls for the

acquisition and conversion of apartments and motels to affordable housing when feasible.

Responsible Agency: Community Development Department

Financing: City General Fund, Redevelopment Agency Low-Mod Housing Fund

Schedule: Annual review of feasibility of acquisition and rehabilitation, quarterly review of properties for sale, or more frequently as opportunities become available.

**Policy 4**

Participate in Federal, State, and County housing assistance programs.

Program Action: Apply annually for Federal CDBG, HOME, MCC and other programs which become available and are feasible. Attend regular quarterly meetings of the Orange County Housing Authority to maintain a working knowledge of Section 8 funds and other OCHA programs. Maintain up-to-date files on all Federal, County and State Housing Programs and funding notices.

Responsible Agency: Community Development Department

Financing: As developed

Schedule: Annual applications are made to funding sources when applicable.

**Policy 5**

Encourage the construction of affordable housing through a variety of programs (including inclusionary housing, density bonus, and other program incentives).

Program Action:

a.) Inclusionary Housing Program (see Program Requirements)- This program requires developers of ten or more units to provide affordable housing either through the construction of apartments or the payment of an in-lieu fee. The establishment of a housing trust fund is necessary to appropriately collect and distribute funds.

b) Tax Credit Programs - City staff should be knowledgeable of the Tax Credit financing programs and work with non-profit and for profit developers to provide City support both financially and as a technical resource whenever possible.

c) Density Bonus Programs - Offer density bonuses or other incentives of equivalent financial value to developers who provide affordable housing as required by the California Government Code 65913, 4 & 5.

d) Mixed Use Zoning - The General Plan identifies areas where mixed use development is allowed. The Zoning Ordinance provides the standards for this land use. The utilization of Floor Area Ratios (FARs) will allow for smaller, more affordable units.

Responsible Agency: Planning Division

Financing: City General Fund, Federal Tax Credits, separate Housing Fund for In-lieu Fees, Developer financed.

Schedule: Every new housing project of 6 units or more is evaluated for Inclusionary Housing requirements when submitted for entitlements. City initiated projects with non-

profit organizations are developed bi-annually. First year planning and design, second year construction or rehabilitation.

**Policy 6**

Allow for the development of second units in a manner that will not negatively impact single family residential areas and yet provide affordable units for seniors or their caretakers.

Program Action: Enforce Resolution Number 88-38 regulating the development of second units in areas zoned for single family residential areas. The State revised the law to ensure that cities require only one parking space per "granny unit".
Responsible Agency: Planning Division
Financing: General Fund
Schedule: Projects that are submitted are evaluated as they are received.

**Policy 7**

Facilitate and assist in the development of potential infill and redevelopment sites for housing.

Program Action:

a) Identify areas with redevelopment potential, including areas of blight.
b) Continue the implementation of the RDA Five Year Implementation Plan in regards to the use of the RDA Housing Set-Aside Funds.
c) Continue the identification of possible housing sites or properties to acquire, rehabilitate or convert to affordable housing.
d) Continue to update and identify vacant lots for housing development downtown and the RDA Project Area.

Responsible Agency: Community Development Department
Financing: Redevelopment Agency Low-Mod Housing Fund, Federal, State funds
Schedule: Annual review of RDA budget is carried out, analysis of sites and potential projects are undertaken . New projects are started bi-annually.

### 4.52 Rehabilitation Programs

**Policy 8**

Continue to promote the rehabilitation of substandard and deteriorating housing units. Develop new financing opportunities for the rehabilitation of deteriorating units housing low income households.

Program Action: Apply for Federal CDBG and HOME grants on an annual basis to continue the City's Home Rehabilitation Program. Provide for a minimum of 10 loans or grants a year. Investigate new financing opportunities to increase the number of rehabilitation projects.
Responsible Agency: Planning Division
Financing: CDBG and HOME grants, private bank financing, property tax relief for Mills Act properties

Schedule: The Housing Rehabilitation Program is funded annually by HUD. Applications are accepted year round.

**Policy 9**

Encourage the development and modification of residential units which are accessible to elderly and physically disabled persons.

Program Action: Include in the marketing of the Home Rehabilitation Program the availability of funds for disabled access upgrades.
Responsible Agency: Community Development Department
Financing: CDBG and HOME loans and grants
Schedule: The Home Rehabilitation Program makes grants and loans available year round to qualified low income residents.

**Policy 10**

Closely monitor the condition of San Clemente's housing stock for early detection of deterioration.

Program Action: Both Planning and Code Enforcement monitor the housing stock through weekly drive-by's by the Code Enforcement Volunteer Program and annual inspections by the Housing Program staff .
Responsible Agency: Community Development Dept., Code Enforcement
Financing: General Fund, RDA Low-Mod Housing Fund
Schedule: The Code Enforcement Volunteer Program makes weekly inspections of neighborhoods for visible housing deterioration and enforcement of codes. Three staff code enforcement officers handle cases that don't comply voluntarily.

### 4.53 Conservation Programs

**Policy 11**

Preserve affordable housing in the coastal zone.

Program Action: Applicable projects in the Coastal Zone shall provide Below Market Rate Rental Units by participating in the Coastal Affordable Housing Program. The intent of this program is to comply with Section 65590 of the California Government Code.
Responsible Agency: Planning Division
Financing: Private Developer Financing
Schedule: As long as funds are available, the Home Rehabilitation Program provides loans and grants on an annual basis to private property owners in exchange for the rental units to be rented to low and moderate income households at HUD rent standards. The majority of low income rentals are in the Coastal Zone. The Planning Division and Housing Coordinator monitor all new development in the Coastal Zone. Surveys are sent to households when possible demolition of 3 or more units is proposed

to determine if any of the households are low-income. The property owner must replace dwelling units as required by the Coastal Zone Law.

**Policy 12**

Preserve existing mobile home parks zoned for residential use to take advantage of the potential of mobile homes as lower priced housing market options.

Program Action: Facilitate the assumption of RDA loans in the Shorecliffs Mobilehome Park to low income households as properties are sold or transferred by original property owners. Assist in the conversion of mobilehome parks to tenant ownership through the participation in State CHAP and MPROP Programs as appropriate.
Responsible Agency: Community Development Department
Financing: State CHAP, MPROP Programs
Schedule: The City participated in the conversion of Shorecliffs Mobilehome Park in 1994. There are two other mobile home parks in the City. One has the potential for low-income housing and possible conversion to property ownership. The City does not initiate the conversions, but is willing to be a partner with the State and assist in providing loans if needed. The City provides home rehabilitation grants and loans to qualified mobilehome owners on an annual basis.

**Policy 13**

Discourage the conversion of existing apartment units to condominiums when vacancy rates are low to insure supply of low and moderate income housing.

Program Action: Continue to administer the condominium ordinance, Section 35-30. Process an annual certification of vacancy rates through the Planning Commission.
Responsible Agency: Planning Division
Financing: General Fund
Schedule: The City certifies the vacancy rate on an annual basis. When the vacancy rate is less than 10%, a formula limiting the number of apartment conversions is initiated.

### 4.54 Administration

**Policy 14**

Continue the implementation of the Housing Program to provide for the planning, development and maintenance of housing activities.

Program Action: Continue the Housing Program within the Planning Division, including the administration of the Home Rehabilitation Program and implementation of the Housing Strategy with RDA Low-Mod Housing Funds.
Responsible Agency: Community Development Department
Financing: Redevelopment Agency Low-Mod Housing Fund
Schedule: The Housing Coordinator shall implement all new housing, inclusionary housing and neighborhood preservation programs on a continuous basis.

**Policy 15**

Ensure public participation occurs throughout the Housing Element planning and implementing activities.

> Program Action: Review and evaluate the Housing Element at least once every five years or sooner if addendum's are required by the State. Recommend the appointment of a Housing Advisory Committee to participate in the update of the Housing Element. Continue public participation to acquaint residents with the policies and programs in the Housing Element through participation in a speakers bureau and attendance at community meetings such as Neighborhood Watch/Neighborhood Pride Meetings.
> Responsible Agency: Community Development Department
> Financing: City General Fund, Redevelopment Agency Low-Mod Housing Fund
> Schedule: Receive City Council approval to institute a Housing Element Committee one year prior to adoption of submittal. Committee will include at least one Council member, Planning Commissioner, Human Affairs Committee Member, and 2 members of the public. Other informational housing meetings are held at least once a year for the development of CDBG projects. These are advertised in the local paper and direct mail noticing meetings is sent to effected property owners in the Target Neighborhoods. A Housing Forum is held once a year sponsored by the Human Affairs Committee to discuss homeless and affordable housing needs. The Housing Coordinator attends Neighborhood Pride/Neighborhood Watch meetings several times a year to discuss the Housing Program and receive input on needs and new projects.

**Policy 16**

Promote fair housing practices and work with the Fair Housing Council to assure the right of all people to freely choose where they want and can afford to live.

> Program Action: Cooperate with the Orange County Fair Housing Council. Attend workshops provided by the Council and the County of Orange.
> Responsible Agency: Community Development Department
> Financing: The CDBG Program finances the Fair Housing Council.
> Schedule: The Housing Coordinator attends quarterly meetings with the Orange County Housing Authority Cities Advisory Board ensures updates on fair housing information and other County Housing Authority programs and practices.

**Policy 17**

Encourage compliance with Federal and State laws requiring compensation and relocation assistance to households who are displaced.

> Program Action: Apply conditions to applicable projects approved by the City to require compliance with state and federal laws requiring compensation and relocation assistance to displaced persons.

Responsible Agency: Community Development Department
Financing: Developer Fees for private developments, Redevelopment Low-Mod Housing Fund
Schedule: The Housing Coordinator monitors all new acquisition and rehabilitation projects for compliance with the laws as they are developed - typically bi-annually.

**Policy 18**
Inform the public about housing programs available in the City.

Program Action: Make flyers, brochures and newsletters available to the public at the Community Development Department, City Hall and Community Center. Advertise programs in the City's newsletters as appropriate. Direct mail letters to target areas about specific programs when they become available.
Responsible Agency: Community Development Department
Financing: City General Fund, Redevelopment Low-Mod Housing Fund
Schedule: Marketing of programs and distribution of information is continuous through various means. Housing Program materials are available at the Community Development Office, City Hall and the Library. The Human Affairs Forum meets 5 times a year and is advertised in the local paper and on Cable, and on the City's Web site. The Housing Coordinator meets with community groups several times a year to discuss projects and programs.

**Policy 19**
Encourage the transition of persons from homelessness to permanent housing.

Program Action: Work with Non-profit organizations to understand local and regional homeless issues and assist in developing and funding programs for the homeless.
Responsible Agency: Community Development Department
Financing: Redevelopment Low-Mod Housing Fund, CDBG, OCHA Housing Support Programs
Schedule: The Housing Coordinator attends bi-annual meetings with the County of Orange Homeless Continuum of Care Consortium, quarterly meetings with the Affordable Housing Consortium and several times a year with the Kennedy Commission to discuss how to house people earning less than $10/hr. A mix of government agencies, non-profit organizations and members of the public and other advocacy groups attend these meetings to share information and discuss projects in progress and developing new projects.

**Policy 20**
Encourage the development and improvement of housing support services so they may better reach the special needs populations.

Program Action: Work with Non-profit organizations to understand the needs of special populations and assist in developing and funding programs as appropriate.
Responsible Agency: Community Development Department
Financing: Redevelopment Agency Low-Mod Housing Fund, CDBG, OCHA Housing Support Programs.
Schedule: The San Clemente Human Affairs Committee meets monthly and has five forums a year to discuss social issues, needs and resources. Non-profit agencies, government officials, public school staff, and members of the public meet at the forums. The City of San Clemente provides General Funds every year to approximately 15 non-profit organizations to provide social services for seniors, youth, disabled, the homeless, victims of domestic violence, gang prevention and other groups.

**Policy 21**
Encourage the provision of recreation facilities and/or open space within multi-family developments.

Program Action: Review all proposed projects to determine the cumulative impact on community facilities and their compliance with City policies contained in the General Plan, Zoning Ordinance, and the Growth Management Ordinance.
Responsible Agency: Planning and Building Divisions
Financing: General Fund
Schedule: The General Plan and Zoning Ordinance set policies and standards for open space. The Planning Staff reviews every residential project when they are submitted to ensure these standards are met.

**Policy 22**
Encourage the provision of congregate housing and assisted living facilities for special needs populations.

Program Action: Assist developers of projects providing congregate care and assisted living in processing their developments expeditiously.
Responsible Agency: Planning Division
Financing: Private Developer Financing
Schedule: Zoning standards provide for the placement of these facilities in San Clemente. When projects are submitted Planning staff works with the developers to encourage and facilitate their development. Two projects were submitted over the last two years, both received Planning Commission approval.

**Policy 23**
Encourage the establishment of neighborhood associations and professional property management of smaller apartment complexes.

Program Action: Work with Police Services, Neighborhood Watch Block Captains to provide them with information on neighborhood associations, grants and to develop proposals for neighborhood improvements. Provide property owners with bi-lingual tenant rules, leases and Neighborhood Pride brochures and newsletters to assist them with their property management. Work with Property Management firms to better understand neighborhood dynamics and police and code enforcement issues.
Responsible Agency: Community Development Department, Code Enforcement
Financing: General Fund, Redevelopment Low-Mod Housing Fund
Schedule: Provide information continuously at the Community Development Department to all interested neighborhood groups. Meet with groups as requested by Neighborhood Watch block captains, and individuals.

### 4.55 Affordable Housing Programs

**Policy 24**

Support innovative public, private and/or non-profit efforts in the development and financing of affordable housing, particularly for households earning less than 50% of median income, the elderly, large families, the physically impaired, and single parent households.

Program Action: Work with both private and non-profit developers to facilitate the development of new affordable housing by identifying financing sources, providing financing or downpayment assistance when possible, and by providing technical assistance to developers regarding new and existing housing programs. Work with other City divisions to ensure that there are no undue delays during the processing and construction of the project.
Responsible Agency: Community Dev.-Housing, Building and Engineering Divisions
Financing: Private loans, Redevelopment Low-Mod Housing Fund, Federal HOME funds, State Tax Credit financing
Schedule: Provide staff assistance as requested by developers and non-profit groups. The Housing Coordinator meets several times a year (as often as requested) with developers to discuss project sites, financial feasibility and funding sources. Four affordable housing projects were approved in 2000, including one senior housing project, one transitional housing project, and two large family projects, all regulated for very low income households.

**Policy 25**

Encourage the expansion of the affordable housing stock through construction, acquisition and conversion of existing properties for very low income and special needs households to meet unmet housing needs in the city.

Program Action: Work with non-profit organizations to identify properties to purchase, rehabilitate or construct new housing. Staff will assist with the analysis of properties, arrange for appraisals of selected properties, in addition to identifying financing sources.
Responsible Agency: Community Development –Housing

Financing: Private loans, Redevelopment Low-Mod Housing Fund, Federal HOME funds, State Tax Credit financing among other sources.
Schedule: The Housing Coordinator meets as requested, but at minimum once a year with non-profit housing groups and other housing advocates to discuss housing needs, potential project sites, and funding sources.

**Policy 26**

Support the conversion and rehabilitation of dilapidated and high vacancy apartments and motels suitable for below market rate housing.

Program Action: Work with property owners, managers and non-profit organizations to identify properties suitable for below market rate housing. Assist with property analysis, identify financing sources and provide technical assistance to ensure proposals are complete.
Responsible Agency: Community Development –Housing , Planning Division
Financing: Private loans, Redevelopment Low-Mod Housing Fund, Federal HOME funds, State Tax Credit financing among other sources.
Schedule: The Housing Coordinator meets as requested, but at minimum once a year with property owners, manager, and non-profit organizations to analyze properties and discuss feasibility of projects.

**Policy 27**

Support affordable housing projects with available city, state and federal housing funds which allows for the payment of rent to be equivalent to 30% of household income for households earning less than 50% of median income whenever feasible.

Program Action: Recommend financial assistance for non-profit developers providing housing for the lowest income households. Work with County and State financing sources to ensure that subsidies are provided equitably among cities.
Responsible Agency: Community Development –Housing
Financing: Private loans, Redevelopment Low-Mod Housing Fund, Federal HOME funds, State Tax Credit financing among other sources.
Schedule: The Housing Coordinator shall evaluate submitted housing projects on an as-needed basis and work with non-profit organizations at minimum bi-annually to develop a project for households earning less than 50% of median income.

**Policy 28**

Assist the continued affordability of Inclusionary and publicly funded housing units at-risk of losing their restrictive housing requirements when feasible and prudent. Support the provision of financial incentives to develop and/or preserve affordable housing.

Program Action: Staff to review the projects at risk of losing their affordability restrictions on an annual basis. Conduct a cost analysis to determine whether adequate

public funding is available and feasible to use for preservation of some or all of the dwelling units.
Responsible Agency: Community Development –Housing
Financing: Private loans, Redevelopment Low-Mod Housing Fund, Federal HOME funds, State Tax Credit financing among other sources.
Schedule: The Housing Coordinator shall evaluate at-risk projects on an as-needed basis.

**Policy 29**
Support the acquisition, renovation, and ownership of below market rate housing by non-profit agencies.

Program Action: Provide technical assistance and recommendations for financial assistance to non-profit organizations to acquire and renovate qualified properties to provide below market rate housing.
Responsible Agency: Community Development –Housing
Financing: Private loans, Redevelopment Low-Mod Housing Fund, Federal HOME funds, State Tax Credit financing among other sources.
Schedule: The Housing Coordinator shall provide technical assistance and evaluate submitted housing projects on an as-needed basis and work with a non-profit organization at minimum bi-annually to develop a project for households earning less than 50% of median income.

**Policy 30**
Promote the requirement of affordability for publicly funded housing projects to be for the longest feasible time.

Program Action: Affordability restrictions will be established for each financing source and project undertaken with City funds to ensure affordability for the longest feasible time. The City will ensure that when State and Federal funds are used to leverage City funds, that the affordability requirement with the longest feasible time will be adhered to.
Responsible Agency: Community Development –Housing
Financing: Redevelopment Low-Mod Housing Fund, Federal HOME funds, State Tax Credit financing among other sources.
Schedule: The Housing Coordinator evaluates all projects requesting City housing funds when submitted and will require through regulatory agreements, to remain affordable for the longest feasible time.

**Policy 31**
Ensure that Inclusionary units and properties receiving In-Lieu Housing Funds meet their project's rent and income requirements through annual program monitoring.

Program Action: Staff will require annual reporting of income and rent for all publicly funded housing projects the City participates in.
Responsible Agency: Community Development –Housing
Financing: Redevelopment Low-Mod Housing Fund
Schedule: Housing Program staff reviews regulated projects annually.

**Policy 32**

Complete a periodic review of development and other city fees to determine which fees could be deferred, reduced or supplemented with Housing Funds to reduce costs for development of new housing and/or the provision of non-profit housing for households earning below 50% of median income.

Program Action: A periodic review of development and other city fees, such as utility fees will be undertaken to determine whether any fees could be deferred, reduced or supplemented with housing funds to lower housing costs for households earning below 50% of median income.
Responsible Agency: Community Development Dept./Planning Division
Financing: Redevelopment Low-Mod Housing Fund
Schedule: The Planning Division and Housing Coordinator reviews fees for Affordable Housing Projects when submitted to determine whether fees can be waived or supplemented with Housing Funds. Planning Division review of all fees occurs every 2-3 years.

## 4.6 Program Priorities

Annually the Redevelopment Agency (RDA Annual Report) meets to review the Housing Strategy and revise priorities as needed. The most recent Housing Strategy adopted the following priorities based on the Redevelopment Agency Five Year Implementation Plan:

1. **New Housing Resources Program** - provides below market rate housing for all households earning less than 50% of median income.
2. **Neighborhood Revitalization Programs** - Neighborhood Pride Program and Housing Rehabilitation Program.
3. **Housing Support Programs** - Funding for Non-Profit Organizations - Shared Housing Program, ESA Homeless Prevention Program and Laura's House, a domestic violence shelter.

## 4.7 Program Descriptions

The City implements three programs directly within the Community Development Department's Housing Program. These programs are:

1. **Neighborhood Revitalization** - establishment of the Neighborhood Pride Program providing: public education, enforcement, special clean-up projects and the Home Rehabilitation Program.

2. **Redevelopment Agency (RDA), Affordable Housing Program** - establishes priorities for the Low and Moderate Income Housing Fund and funds acquisition, construction and rehabilitation of affordable housing projects and housing support programs.
3. **Inclusionary Housing Program** - requires all new housing developments building 6 or more units built as a single project, to provide 4% affordable housing units for very-low income households, the payment of an in-lieu fee, donation of land or a combination recommended by the Community Development Director.

## 4.71 Neighborhood Revitalization

Two programs are provided in this category, the Neighborhood Pride Program and the Home Rehabilitation Program. The following descriptions of program requirements are provided.

### 4.712 Neighborhood Pride Program

In October, 1990, the City Council initiated the Neighborhood Pride Program in response to resident's concerns over the deterioration and increase in crime in three targeted neighborhoods. At the time, a pilot clean-up, education, and enforcement program was established in a 5 block area including, W.Escalones, W. Canada and Del Poniente. In 1991, the Neighborhood Pride Program was expanded to 52 streets in three areas of town.
The program provides additional services to the 52 streets in the target areas.
These services include:

- a separate code enforcement officer enforcing housing and nuisance codes
- public works projects, including: sidewalks, street reconstruction and additional lighting, funded by Federal and State grants and the City General Fund
- bi-lingual tenant information and newsletters
- newsletters sent to out-of-town property owners notifying them of services and projects
- more frequent street sweeping (twice a month instead of once a month)
- no-cost neighborhood clean-up projects
- new ordinances enforcing shopping cart pick-up, trash can removal, and property maintenance
- joint Neighborhood Pride/Neighborhood Watch meetings

The primary qualification for additional services is that the property must be located on one of the identified streets.

### 4.713 Home Rehabilitation Program

After the commencement of the Neighborhood Pride Program, the City actively developed programs to improve the center city and two other high density neighborhoods. The City evaluated the County's management of the Home Rehabilitation Program and determined it was not being effectively used by property owners in the City. In 1991, the City Council agreed to apply for CDBG and HOME funds in order for the City to take over the administration of the program from the County. The Home Rehabilitation Program began in 1993 with $178,000 in grants from the Community Development Block Grant Program (CDBG) and HOME Program.

Each year the City applies for funds to continue the program. It is projected that $150,000 in grants will be allocated each year. Two programs have been implemented to rehabilitated both owner occupied properties and rental properties. The following description outlines the program qualifications.

### Home Rehabilitation Program Qualifications

Due to the limited funds, priority is given to properties in the CDBG (Center City) target area. Priority is given to households with the lowest incomes and the greatest rehabilitation needs. Properties outside of the target area are provided funds, if they meet property valuation guidelines and household income qualifications. However, they are given a lower priority unless there are significant health and safety needs and the property owner has no ability to attain other private loans.

**Owner Occupied Program**

- Property Valuation - After rehabilitation, property values for an owner occupied property can not exceed $237,000 when using HOME funds. There is no valuation limit when using CDBG funds.
- Loan to Value Ratio should not exceed 90% of property value.
- Combined gross income may not exceed 80% of median income as defined by HUD
- Assets may not exceed $75,000 (excluding the property value of occupied property)

**Rental Rehabilitation Program**

- CDBG Funds - 51% of the rental units must be rented to households earning 80% or less than median income. Rents must conform to HUD's housing cost restrictions - no more than 30% of household income is to be paid for housing costs, (based on 80% of median income).
- HOME Funds - depending on the portion of HOME funds used to rehabilitate the property, the following restrictions apply to HOME assisted units:
    - ⇒ 20% of the units must be rented to households earning 50% or less than median income, and
    - ⇒ 80% of the units must be rented to households earning 60% of median income
    - ⇒Rents must correspond to the 30% housing cost guideline for the period of the loan
- Income and Assets of Rental Property owner are excluded

### Types of Funds Available

**Owner Occupied Properties**

- 3% loan amortized over 15 years for households with the ability to make a payment
- 0% loan deferred until the property is sold

  Available to households when a loan would increase their housing costs above 30% of their income, or the property owner's income is below 50% of median income.
- Grants of $3,000 or less are available for single family or mobilehome health and safety repairs, when household income is 50% or less than median income.

**Rental Properties**

- 3% loan amortized over 10 years (tenant income and rent must qualify)
- 50-50 Loan/Grant - Property owner pays 50% of repairs, City provides a matching loan. Over a period of four years, the City writes down the loan 25% a year, as long as the property is not sold during that time.

**Eligible Repairs**

The following list provides a list of the most common rehabilitation work done.

- Roof repairs and replacement, stucco and plaster, insulation, paint, electrical, lighting, and plumbing, flooring, garage doors, concrete work and driveways, walls and fencing, minor landscaping and property clean-up.

## 4.72 Redevelopment Agency (RDA), Affordable Housing Program

The Community Redevelopment Law requires redevelopment agencies to annually set-aside 20% of their tax increment funds in a separate Low and Moderate Income Housing Fund to be used to increase, improve, and preserve affordable housing in the community. AB 1290, the Community Redevelopment Law Reform Act of 1993, required that the Agency must adopt an Implementation Plan for each project area. The City Council adopted the Redevelopment Agency Five Year Implementation Plan on December 8, 1994. The Plan addresses how the RDA will spend the funds and provide for replacement housing if necessary.

The Redevelopment Agency established the following three priorities:

1. New Housing Resources - the provision of below market rate housing for all households earning less than 50% of median income.
2. Neighborhood Revitalization - continuation of the Neighborhood Pride and Home Rehabilitation Programs
3. Housing Support Services- financial support for non-profit programs housing special needs populations.

Each year the Redevelopment Agency reviews the Housing Strategy and updates the priorities depending on the progress each year of the Housing Program. In order to fairly evaluate the feasibility of funding non-profit owned affordable housing projects, the following criteria were adopted for evaluating proposals:

- Economic feasibility of the project
- Cost effectiveness of the project based on the number of units, affordability of the project and amount of City subsidy
- Type of project - ensuring that funds provide a balance of projects supported by the City to meet the needs of different populations and the community
- Ability of the project to meet the priorities of the Housing Strategy

The progress in implementing each of these priorities was discussed in Chapter 3, Evaluation of the Housing Element, Progress and Accomplishments.

### Redevelopment Agency Five Year Implementation Plan

In 1993 the State Assembly passed AB1290, the Community Redevelopment Law Reform Act to assure that redevelopment plans are implemented in a manner that will eliminate blight. AB1290 requires that the Redevelopment Agency (RDA) must adopt an "Implementation Plan" for each project area every five years.

The Implementation Plan must include the following:

1) A description of specific goals and objectives of the Agency within the project area.
2) Identify specific programs, including potential projects and estimated expenditures to be made during the next five years.
3) An explanation of how these programs, and expenditures will assist in the alleviation of blight.
4) A description of the priorities within the Housing Program and an explanation and projection how monies in the low and moderate income Housing Fund will be spent over the five year period.

RDA housing priorities have been described in the above section. The following table provides a projection of the funds estimated to be available during the 2000-2005 planning period. The table includes tax increment revenues and Developer In-lieu fees expected from the development of Marblehead Coastal and Forster Ranch from 2000 – 2005. These funds will be used to work with Non-profit agencies to purchase land, build new housing, and acquire properties for rehabilitation and conversion to long-term affordable housing.

## Table 4-1
## San Clemente Redevelopment Agency Housing Budget
## 2000-2005

| Housing Programs | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 |
|---|---|---|---|---|---|
| **Beginning Balance** | $818,260 | $845,690 | $868,340 | $788,890 | $503,340 |
| **Annual Deposits** | 201,680 | 205,000 | 207,000 | 209,000 | $211,000 |
| **Trans from Dev. In-lieu fee** | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 |
| **Total Revenues** | 1,519,940 | 1,550,690 | 1,575,340 | 1,497,890 | $1,214,340 |
| **Expenditures** | | | | | |
| **New Housing** | | | | | |
| Loans/grants | 500,000 | 500,000 | 600,000 | 800,000 | 600,000 |
| Personnel/suppl | 36,000 | 37,000 | 38,000 | 45,000 | 45,000 |
| Contract Services | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| ***Neighborhood Revitalization*** | | | | | |
| Personnel/suppl. | | | | | |
| Contract Services | 36,000 | 37,000 | 38,000 | 39,000 | 41,000 |
| (Home Rehab.) | 21,000 | 22,000 | 23,000 | 24,000 | 25,000 |
| ***Housing Support Programs*** | | | | | |
| Personnel | 4,200 | 4,250 | 4,300 | 4,350 | 4,500 |
| CSP Youth Shelter | 5,000 | 6,000 | 6,000 | 7,000 | 7,000 |
| Homeless Prevention | 15,000 | 16,000 | 16,000 | 17,000 | 18,000 |
| Henderson House | 5,000 | 6,000 | 6000 | 7,000 | 7,000 |
| Lifeskills Program | 10,000 | 11,000 | 11,000 | 12,000 | 12,000 |
| Interdep. Charges | 35,000 | 36,000 | 37,000 | 38,000 | 39,000 |
| Supplies | 2,050 | 2,100 | 2,150 | 2,200 | 2,300 |
| **Total Expenditures** | 674,250 | 682,350 | 786,450 | 1,000,550 | $805,800 |
| **Ending Balance** | $845,690 | $868,340 | $788,890 | $503,340 | $408,540 |

### Table 4-2
### San Clemente Redevelopment Agency
### Affordable Housing Program
### Estimated Units Assisted with Housing Funds
### 1999-2004

| HOUSING UNITS | 1999-00 | 2000-01 | 2001-02 | 2002-03 | 2003-04 |
|---|---|---|---|---|---|
| **#Units to be Demolished** | 0 | 8 | 0 | 0 | 0 |
| **# Affordable Units Built** | 0 | 0 | 13 | 0 | 0 |
| **# Units to be Acquired** | 8 | 0 | 4 | 8 | 8 |
| **# Properties to be Rehabilitated** | 10 | 10 | 10 | 10 | 10 |

Twenty-eight units are estimated to be acquired over the five year period by non-profit agencies.

## 4.73 Inclusionary Housing Program

The most substantial change in the Housing Element is the revision to the Inclusionary Housing Program. The Inclusionary Housing Program began in 1980 in an effort to expand the affordable housing stock in proportion to the overall increase in new residential units built in the City. Three new apartment complexes were built in the Ranch developments providing a total of 810 new apartment units to meet inclusionary requirements. By 1998, all Inclusionary projects built in Rancho San Clemente and Marblehead had fulfilled their term of affordability as required by the Inclusionary Program established in 1980.

As described in Chapter 3, under the section entitled Evaluation of the Inclusionary Housing Program, no new apartments have been built within Ranch developments for households earning 50% or less than median income through the Inclusionary Housing Program between 1989 and 1999. In 2000, the Talega developers provided 10 acres of land for the provision of an 186 unit affordable family apartment complex to meet their inclusionary requirements. The option to develop the project was provided to Jamboree Housing Corporation, a non-profit housing organization. It is projected to be constructed during 2001-02.

Through the evaluation of past inclusionary projects, it has been determined that very low income households are better served by affordable rental units than for-sale housing. Therefore, the option for developers to provide For-Sale housing to meet their Inclusionary requirements has been eliminated. Besides the poor track record in keeping for-sale housing in the Inclusionary Program, it is doubtful that deed restricted homes would be marketable when there are market rate housing units for sale to households earning 80% - 120% of median income in San Clemente.

In the previous Housing Element, the City determined that four categories of incomes - 50%, 80%,100% and 120% of median income should be allocated a share of the new housing built in the City. Under the Inclusionary Program all projects over 10 units were to provide a total of 15% of the dwellings affordable to the four income categories when building for-sale housing. When apartment units were built, 7.5% of the inclusionary units were allocated to households earning 50% of median income and 7.5% were allocated to households earning 80% of median income. The greatest change in the revised Inclusionary Housing Program is the deletion of the three income categories being served by the housing market (80%, 100% and 120% of median income), and to focus the program on the provision of housing to those households earning 50% or less than median income not currently served in the market. **Therefore, the Inclusionary Housing Program has been revised to require all new developments with 6 or more units to provide a total of 4% of the units to households earning 50% or less than median income**. This can be accomplished through the construction of new apartment units, either on or off-site, or through the payment of an in-lieu fee or provision of land, or a combination to be recommended by the Community Development Director.

Section 33413 (b)1 of the State Health and Safety Code has an additional requirement for inclusionary housing within the project area which requires Redevelopment Agencies(RDA) to provide 30% of all new or rehabilitated dwelling units developed by the RDA to households earning not more than 120% of the County median income, of which 50% (15% of the total units) are to be affordable to households earning 50% or less than the County median income. Section 33413 (b)2 requires 15% of all new or rehabilitated dwelling units developed within the project area by public or private owners, other than the Agency, to be available to households earning not more than 120% of County median income, of which 40% (or 6% of the total units) must be affordable to households earning 50% or less than median income. These requirements are incorporated into the Inclusionary Program as required by the State and are reviewed annually in order to meet the 10 year aggregate requirement beginning January 1, 1992.

The following guidelines describe the new requirements of the 2000 Inclusionary Housing Program and the methodology for determining the in-lieu fee.

## 4.74 Inclusionary Housing Program Implementation Details

### 4.741 Purpose of Inclusionary Program

The purpose of the Inclusionary Housing Program is to expand the affordable housing stock in San Clemente in proportion with the overall increase in new residential units built in the City, thus providing housing for a varied and viable population.

### 4.742 Requirements

**Who participates:** The program shall apply to new developments of 6 or more dwelling units intended to be built as a single project.

**Term of affordability:** Inclusionary units shall remain affordable for a minimum of 30 years, or if other public financing has longer terms the longest term shall prevail. Household income and rent for rent-restricted units must be reported annually to the Community Development Department - Housing Program.

**Type of Units:** Affordable units shall be for rent only and shall have the same proportionate number of bedrooms as the non-inclusionary project.

**Housing Cost:** Affordable units shall be rented out to households earning 50% or less than median income, with rents no greater than 30% of 50% of Orange County Median Income by household size less the utility allowance. For example: The 2000 Orange County Income for a one person household earning 50% of median income is $24,350. Allowable housing costs are derived by dividing $24,350 by 12 months, multiplied by 30%, generating total monthly housing costs of $608. Payment of utilities are deducted from the housing costs to determine the actual rent amount. Utility allowances are adjusted annually and are provided by the Orange County Housing Authority. If a one bedroom apartment's utility allowance is $40, then the allowable rent would be $568. Housing costs are adjusted annually by household size and household income.

The Developer has three options to consider to meet their Inclusionary requirements. The Community Development Department will make the final recommendation in determining which option best meets the needs of the City within the approved development agreement.

**Developer options:**

1. Build new apartments (4% of total number of units) on or off-site, with rental costs affordable to households earning 50% of median income by household size. The number of very low income units required is a minimum of 4% of the total number of new units built. The requirement may be varied depending on the number of bedrooms per apartment and market needs. For example, if the developer is building 100 - 3 bedroom homes, and 4 affordable units are required, a minimum of 4 - 3 bedroom apartments with housing cost at 50% of median income can be built to meet the inclusionary requirement or depending on market needs, and with a recommendation by the Community Development Director, the developer can choose to meet the inclusionary requirement by providing 12 bedrooms in a combination of apartment types including: studios, one, two, three or four bedroom units, resulting in a variation of the number of housing units.

2. Pay an in-lieu fee based on 1% of the construction valuation of each dwelling unit built. The in-lieu fee will be paid at the same time of payment of building permit fees.

3. Provide the equivalent amount of land (on-site or off-site) and development fees to a non-profit developer to own and build the required number of inclusionary housing units generated from the proposed development. (more units may be built, but not less).

**Definitions:**
1. Eligible Households - One or more persons in a household whose combined income(s) is within 0-50% of Orange County median income for that household size.
2. Housing Cost for Affordable Units - Housing cost shall not be greater than the payment of rent and utilities equal to 30% of 50% of median income.
3. Household Income - As determined by the U.S. Dept. of Housing and Urban Development (HUD) for each State and County annually.

### 4.743 Purpose of the In-lieu Fee

The purpose of an in-lieu fee is to offer the developer the option to pay a fee instead of building affordable units. This is typically used when the project is a small in-fill, for-sale development or there is no land zoned in the sub-division that could be used to build apartments. The Community Development Director will make the final recommendation for use of the in-lieu fee option. The in-lieu fee is based upon provision of housing for 50% of the median income, however, the in-lieu fee program will allow for a variety of housing options. Through the use of the in-lieu fees and other government grants, units for households earning less than 50% of median income can also be assisted through subsidies to non-profit organizations to acquire existing apartments, construct apartments in the city or to provide alternative forms of housing.

## In-Lieu Fee Methodology

The in-lieu fee is recommended to be 1% of the construction value of each unit constructed as determined by the Building Division. For example, a recent single family development included model homes with construction valued at $161,837, $187,824 and $200,350. Applying the 1% In-lieu fee, the developer would pay $1,618, $1,878 and $2,003 per unit respectively, in lieu of building affordable apartment units.

On a regular basis the Housing Coordinator will perform a Housing Cost Analysis to verify that the in-lieu fee is reasonably equivalent to providing 4% of the new units affordable to households earning 50% of median income. The analysis will be based on the subsidy gap between building a market rate, 3 bedroom apartment (1,100 square feet) and the mortgage supportable (less operating costs) by a household of four earning 50% of median income.

In 2000, the Housing Cost Analysis determined the cost of providing a 1,100 square foot, 3 bedroom apartment, including direct and indirect construction costs to be $110,020/unit, and land cost of $35,000 per unit for a total of $145,020 per unit. The affordable rent for a 3 bedroom apartment for a family of five at 50% of median income is $939 per month based on 2000 figures. Monthly overhead and maintenance costs amount to $300 per unit. The mortgage is based on a net income of $639 per month which can pay off a loan of approximately $85,000 at 8.0% interest over 30 years. Although land costs will vary depending on location and size and condition of the lot, an average of $35,000 was used based on recent sales of small vacant lots downtown. Therefore, a subsidy of approximately $25,020 a unit for construction costs, plus the land costs of $35,000 a unit, for a total of $63,400 is needed to provide housing affordable to a family of five earning 50% of median income and able to pay $939 a month in rent. Depending on the availability of in-lieu fees, and federal subsidies for construction and acquisition of affordable housing, new units will be purchased or built by non-profit agencies able to obtain these subsidies.

**The Housing Cost Analysis will include the following:**

1. lowest prevailing mortgage rate available for multi-family units available at the time of analysis
2. construction costs per the building department
3. apartment overhead and maintenance costs per non-profit housing standards and utility costs
4. HUD median income for Orange County
5. affordable rents based on the payment of 30% of a household's income paid toward housing costs at the 50% of median income level

**Affordable Housing Cost Analysis- Formula for verifying In-lieu Fee:**

**Market Rate Apartment** **less** **Mortgage Formula:**
Land & Construction Cost    Mortgage supportable by rents less O&M,
3 bedroom apartment    affordable to households earning
50% of Median Income

**= In-lieu Fee per unit**

**In 2000 Dollars this amounts to:**

**Market Rate Apt. Cost** **less** **Mortgage**
**$145,020** **$85,000**

**= $60,020 (estimating $35,000 land cost)**
**In lieu fee needed for 1 very low income unit**
**(amount will vary depending on land costs)**

Table 3.1 in Chapter 3 provides a chart of the Inclusionary requirements of recent developments and the total in-lieu fees paid by developers since 1996. The average payment for the required very low income units ranges from $28,560 from the lower priced Alisal Development to a high of $73,143 from the higher priced large homes built in the Rancho San Clemente Hovnanian development. A total of $738,179 was collected to subsidize 14 very-low income apartment units. This amounts to $52,727 a unit. Depending on the land value, and whether new units are built or acquisition of existing units are purchased to be converted to permanent affordable housing, there should be adequate funds to provide 14 very-low income units.

Implementation of the 1% fee is equitable because it allows lower valued units a smaller fee and higher valued units a higher fee. The adoption of an in-lieu fee based on 1% of construction value of each unit built and the regular analysis of the cost of providing affordable housing will insure that fees generated will be able to provide very low-income units equivalent to the 25% share of the original 15% Inclusionary requirement (3.75% rounded up to 4%) either through construction or acquisition of existing units. The purchase of existing units using in-lieu fees and other public and private funds by non-profit organizations will help the City achieve its affordable housing requirements, in addition to revitalizing and preserving affordable housing in our older neighborhoods in San Clemente. The advantages of an in-lieu fee payment include:

- Allows the City to determine where affordable housing resources are utilized. Funds generated by in-lieu fees can be used to provide affordable housing in existing neighborhoods.
- Allows the City to combine in-lieu fees with other housing funds.

- Is a source of funds to enable the City to work with non-profit community housing development organizations (CHDO's) dedicated to the provision of long term affordable housing.
- Adds diversity to the City's affordable housing program.

### 4.744 Use of In-Lieu Fees

In-lieu fees are to be used to provide housing for households earning 50% or less than median income. By accepting in-lieu fees based on 50% of median income a deficit may be generated with non-profit ownership if the organization wants to house people earning much less than 50% of median income (depending on the interest rate and downpayment on the property). This deficit is known as the affordability gap. The affordability gap is the difference between the portion of development costs which can be supported by tenant rents or owner monthly payments and the cost of developing or purchasing the unit.

In general, the purpose of CHDO's is to provide housing to very low income households unserved by the existing housing market and to assess rents on a non-profit basis. CHDO's charge rents based on their costs without including a profit. In San Clemente, there are very few rentals for households earning less than 50% of median income. In 1990, 24% or 3,942 households earned less than $24,999 (54% of median income) in San Clemente. In 2000 dollars, affordable housing costs for households with four persons earning 50% of median income ($34,800) amount to $870 per month. Based on annual household income data, the majority of households needing below market rate rents earn 50% of median income or less.